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China

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Daily Report

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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General

Qian Qichen Attends Opening of ASEAN Ministerial Meeting

OW2207175394 Beijing XINHUA Domestic Service in Chinese 1003 GMT 22 Jul 94

[By reporters Bai Zhenyi (4101 2182 5030) and Li Guotian (2621 0948 3944)]

[Excerpts] Bangkok, 22 Jul (XINHUA)—The 27th conference of ASEAN foreign ministers opened at the Shangri-La Hotel here this morning. [passage omitted]

Qian Qichen, Chinese vice premier and foreign minister, attended the opening ceremony.

Qian Qichen To Attend ASEAN Regional Forum on Security

OW2307015594 Beijing XINHUA in English 0120 GMT 23 Jul 94

[Text] Beijing, July 23 (XINHUA)—Chinese vice-premier and foreign minister Qian Qichen will participate in the first meeting of the ASEAN Regional Forum on security, scheduled to be held in Bangkok July 25.

"This will be a grand meeting at the highest level," according to official sources here.

Qian will be a guest of ASEAN at the meeting after attending the 27th meeting of the ASEAN foreign ministers.

Among the countries invited to attend the ASEAN Regional Forum, besides the six ASEAN members, are the United States, Japan, Canada, Australia, New Zealand, the Republic of Korea, the European Community, Vietnam, Laos, Papua New Guinea and Russia.

The sources said the foreign ministers of these countries will sit together in a relaxed atmosphere to discuss regional security related to the destiny of every country in the Asia-Pacific region, including security in North-east and Southeast Asia and how to safeguard long-term peace and stability in the region.

This will play an important role in deepening mutual understanding and trust and seeking co-operation among countries in the region, the sources said.

The ASEAN Regional Forum was set up according to a proposal put forward by the ASEAN countries and agreed to by the above-mentioned parties at an informal dinner hosted by ASEAN during the 26th meeting of the ASEAN foreign ministers held in Singapore last year.

This fully shows that the functions of the six-nation ASEAN economic co-operation organization is changing and ASEAN is playing a greater role in a wider range of areas.

The meeting of the Asia Pacific Economic Cooperation Council (APEC) is to be held in Jakarta in November this year.

On the whole, the situation in the Asia-Pacific region and the rest of the world is developing in a favorable direction. It is particularly gratifying that the Asia-Pacific region is the most vigorous region in the world's economic development.

A good momentum has formed in many countries of this region in which their countries' political stability has given a powerful guarantee to economic growth. On the other hand, their economic growth further promotes political stability.

This is a reliable basis for the regional stability. But, there still exist some problems of territory, borders and unbalanced economic development. Recently, quite a few countries have become concerned about the nuclear issue on the Korean peninsula.

Over the past few years, countries in the region have held various kinds of non-governmental or official, bilateral or multilateral dialogues and seminars centering on regional security.

For example, the first and second meetings on dialogue in northeast Asia were held respectively in the United States and Japan in October last year and in May this year and a seminar on security in Asia-Pacific region was sponsored by China's Research Center for International Issues and held in Beijing last May.

The Chinese Government is concerned about regional security and is actively involved in the dialogues related to this issue and has expounded its independent foreign policies of peace on many occasions.

China also set forth views and suggestions on regional security and makes positive efforts to promote peace and development in the region.

The sources disclosed that during the ASEAN Regional Forum Qian will present the Chinese views on the current situation in the Asia-Pacific region and its principled stand on regional security, and have a wide-ranging exchange of views with the participants on these issues.

It is the Chinese side's sincere hope that this meeting will be crowned with success, and all delegates will reach a consensus on regional security so as to create a favorable environment for peace, stability and development in this region.

Qian Signs ASEAN Agreements on Forming Committees

OW2307080494 Beijing XINHUA in English 0715 GMT 23 Jul 94

[Text] Bangkok, July 23 (XINHUA)—Chinese vice premier and Foreign Minister Qian Qichen signed an agreement here today with ASEAN on the establishment of two joint committees.

Signing the document on behalf of ASEAN was Dato Ajit Singh, secretary-general of ASEAN.

The agreement is on the establishment of joint committees on economic and trade cooperation and on scientific and technological cooperation between ASEAN and China.

Under the agreement, the two joint committees will regularly and alternatively hold meetings in China and ASEAN countries to study and explore greater cooperation between the two sides in economic, trade, scientific and technological fields.

Qian Qichen Addresses ASEAN Forum in Bangkok

*OW2507110194 Beijing XINHUA in English 1047
GMT 25 Jul 94*

[Text] Bangkok, July 25 (XINHUA)—China holds that "the principle that armament should only be used for defensive purposes should be adhered to, and arms race of any form should be averted."

This was stated by Chinese Vice Premier and Foreign Minister Qian Qichen today at the first meeting of the ASEAN Regional Forum (ARF) held here this afternoon.

Attending the ARF are representatives of 17 Asia-Pacific nations and those of the European Union.

Based on China's views on the Asia-Pacific security issue, Qian proposed the following principles and measures in the Asia-Pacific security cooperation:

1. A new type of state-to-state relations characterized by mutual respect and amicable co-existence should be established on the basis of the U.N. Charter and the five principles of peaceful co-existence;
2. Economic ties on the basis of equality and mutual benefit and mutual assistance should be established with a view to promoting common economic development;
3. Consultations on an equal footing and peaceful settlement should serve as norms in handling disputes between countries in the Asia-Pacific so as to gradually remove the destabilizing factors in the region;
4. With the purpose of promoting peace and security in the region, the principle that armament should only be used for defensive purposes should be adhered to, and arms race of any form should be averted.

In this connection, he said there should be no nuclear proliferation. Nuclear states should undertake not to be the first to use nuclear weapons and not to use or threaten to use them against non-nuclear weapon states or nuclear-free zones. Proposals on establishing nuclear-free zones and zones of peace should be supported;

5. Bilateral and multilateral security dialogues and consultations in various forms should be promoted in order to enhance understanding and confidence.

With regard to security in the Asia-Pacific, Qian said China pursues three basic objectives: first, its own stability and prosperity; second, lasting peaceful and tranquil situation in the surrounding region; third, dialogue and cooperation on the basis of mutual respect and equality.

Pursuing an independent foreign policy of peace, China does not engage in aggression and expansion, or seek hegemony, Qian said. This has become China's unswerving basic policy, he stressed.

The limited national defense power of China is entirely for defense purposes, and its military expenditure accounts for a very small proportion of its national budget, Qian said.

Qian Qichen Meets Strobe Talbot in Bangkok

*OW2407092094 Beijing XINHUA in English 0846
GMT 24 Jul 94*

[Text] Bangkok, July 24 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen said here today that both China and the United States ought to make joint efforts for the development of their relations.

During a meeting with U.S. Deputy Secretary of State Strobe Talbott, Qian said that contacts between officials of the two countries have increased and economic and trade relations grown, and he hoped the two sides will cherish this good opportunity to push further bilateral ties.

Qian said that U.S. President Bill Clinton's decision in May on China's Most Favored Nation trading status paved the way for a bright prospect for further improvement and development of the bilateral relations between the two countries.

He recalled that President Jiang Zemin's meeting with President Clinton last November in Seattle played an important part in the improvement of Sino-U.S. ties, and expressed welcome to a forthcoming visit to China by the U.S. secretary of commerce and a deputy secretary of state.

Talbott said in the meeting that U.S. Secretary of State Warren Christopher had had five meetings with Qian since taking office, and these meetings are most important for the development of bilateral relations.

He said that Christopher looked forward to meeting with Qian again during the U.N. General Assembly session later this year.

The U.S. wishes to expand and strengthen its contacts with China, Talbott said, adding that increased contacts between officials of the two countries in recent months indicated that both sides attached great importance to cooperation in various fields.

He said that as both countries are major ones in the world and shoulder great responsibilities in the settlement of international issues, closer cooperation between them in multilateral fields is also very important.

Further on Meeting

OW2407115494 Beijing XINHUA Domestic Service in Chinese 0922 GMT 24 Jul 94

[By reporters Li Guotian (2621 0948 3944) and Bai Zhenyi (4101 2182 5030)]

[Text] Bangkok, 24 Jul (XINHUA)—Chinese Vice Premier and concurrently Foreign Minister Qian Qichen met with U.S. Deputy Secretary of State Talbott here today. They exchanged views on bilateral relations and regional and international issues.

At the beginning of the meeting, Talbott conveyed U.S. Secretary of State Christopher's regards to Qian Qichen, saying that Christopher has had five important meetings with the Chinese foreign minister since taking office, and these meetings were very important for promoting the development of relations between the two countries.

He said that Christopher looked forward to meeting with Qian Qichen again during the UN General Assembly session.

Qian Qichen said: President Jiang Zemin's meeting with President Clinton in Seattle last November played an important part in the improvement of Sino-U.S. ties. He added: President Clinton's decision in May on China's Most Favored Nation trading status paved the way for a bright prospect for further improvement and development of the bilateral relations between the two countries.

He expressed the hope that both China and the United States will cherish the good opportunity and work together to develop bilateral relations.

Qian Qichen welcomed the forthcoming visits to China by U.S. Secretary of Commerce Ronald Brown and Under Secretary of State Peter Tarnoff.

Talbott agreed with Qian Qichen, saying that the current momentum [shi tou 0528 7333] for developing Sino-U.S. relations is good, and Washington wishes to further expand and strengthen contacts with China.

Qian Qichen Meets With ASEAN Counterparts in Bangkok

OW2207204194 Beijing XINHUA Domestic Service in Chinese 1519 GMT 22 Jul 94

[By Li Guotian (2621 0948 3944) and Bai Zhenyi (4101 2182 5030)]

[Text] Bangkok, 22 Jul (XINHUA)—This afternoon, Qian Qichen, Chinese vice premier and foreign minister, met separately with Vietnamese Foreign Minister Nguyen Manh Cam; Norodom Sirivut, Cambodian deputy prime minister and foreign minister; Philippine

Foreign Minister Roberto Romulo, and Singapore Foreign Minister Jayakumar in Bangkok to exchange views on bilateral relations and regional issues of common concern.

During his meeting with Nguyen Manh Cam, Qian Qichen said: On the whole, Sino-Vietnamese relations are good. Chinese and Vietnamese leaders are maintaining mutual visits, contacts between the two countries' personnel have increased, and there is a relatively large increase in their volume of trade.

He said: It is very important for the two sides to strengthen cooperation and to get along with each other in a friendly manner. Some problems that still exist in Sino-Vietnamese relations may be solved through consultations. As for problems that cannot be solved for the time being, they can be shelved while both sides focus their attention on exploring ways and methods of cooperation.

Qian Qichen said: China and Vietnam have reached an agreement on the basic principles concerning the border territory issue, and the two governments have made positive progress in their border talks. They have laid a sound foundation for the two countries to properly settle their border territory issue through peaceful talks. China hopes to accelerate the process of such talks in the hope that they may be conducive to the development of Sino-Vietnamese relations.

Nguyen Manh Cam said: Vietnamese-Chinese relations in many fields of endeavor have made new progress in recent years. Vietnam attaches importance to its relations with China and hopes to further promote the development of bilateral relations. Vietnam is prepared to settle disputed issues through talks and hopes that they will not [adversely] affect the development of bilateral relations. He reiterated that Vietnam will follow the understanding reached between leaders of the two countries in solving the border territory issue.

During his meeting with Sirivut, Qian Qichen said: The Chinese Government attaches importance to developing friendly cooperation with Cambodia in all fields of endeavor. Cambodia's internal problems absolutely can be solved by the Cambodian people in a peaceful way. China resolutely supports King Sihanouk and hopes that Cambodia will properly solve its internal problems and gradually achieve peace, stability, and development under his leadership.

Sirivut said: Cambodia hopes to expand its trade and cooperation with China and hopes that more Chinese entrepreneurs will invest in Cambodia. He also expressed his thanks to China for providing assistance to Cambodia's reconstruction.

During their meeting, Qian Qichen and Roberto Romulo expressed satisfaction with the close relations between China and the Philippines, and they unanimously stated that they will make further efforts to expand bilateral trade.

Touching on the Nansha [Spratly Islands] issue, the two foreign ministers unanimously expressed the belief that both sides may shelve their dispute and jointly conduct scientific research and exploitation because both sides would benefit from doing so.

During their meeting, Qian Qichen and Jayakumar unanimously expressed their belief: Sino-Singapore relations are very good and may be said to have entered a new phase. In particular, the establishment of the Suzhou Industrial Park signals that economic relations and trade between the two countries have further developed in depth. The two foreign ministers expressed the hope that China and Singapore would continue to strengthen their cooperation and exchanges in all fields of endeavor.

Qian Qichen is currently participating in the 27th ASEAN conference of foreign ministers.

Meets Singapore Foreign Minister

*OW2207161294 Beijing XINHUA in English 1558
GMT 22 Jul 94*

[Text] Bangkok, July 22 (XINHUA)—Chinese Foreign Minister Qian Qichen and his Singapore counterpart S. Jayakumar agreed today that relations between the two countries are very good and can be said to be entering a new phase.

The two foreign ministers, who are here to attend the 27th ASEAN ministerial meeting, met here today and exchanged views on bilateral relations.

The two ministers hoped that leaders of the two countries maintain contacts at high levels and strengthen cooperation and exchange in all aspects.

They also exchanged views on East Asia Economic Caucus and Asia-Pacific Economic Cooperation.

Meets Philippine Counterpart

*OW2207165794 Beijing XINHUA in English 1634
GMT 22 Jul 94*

[Text] Bangkok, July 22 (XINHUA)—Foreign ministers of China and the Philippines agreed today that even though there are differences among various sides over the South China Sea, the disputes can be shelved for the time being while making joint development, including scientific research, exploration, marine meteorological studies and fishery [as received].

Joint peaceful development is beneficial to all sides, they maintained.

Both ministers were pleased with the close ties between the two countries.

Philippine foreign minister, Roberto Romulo, expressed the hope that the two governments take measures to increase bilateral trade value in a big way.

His Chinese counterpart, Qian Qichen, said the bilateral trade is growing on the whole and said the two sides should make further efforts in this respect.

Meets Cambodian Counterpart

*OW2207170594 Beijing XINHUA in English 1635
GMT 22 Jul 94*

[Text] Bangkok, July 22 (XINHUA)—Chinese Foreign Minister Qian Qichen reaffirmed here today that China supports King Norodom Sihanouk and hoped that the internal problems in Cambodia would be addressed properly so as to achieve domestic peace, stability and development gradually.

During a meeting here today, Cambodian Minister of Foreign Affairs and International Cooperation Norodom Sirivut briefed Qian Qichen about the Cambodian domestic situation, saying that the situation in the country has been stabilized.

He hoped for more Chinese investment in Cambodia and expressed gratitude to China for its assistance in the country's national reconstruction.

Meets SRV Counterpart

*OW2207173494 Beijing XINHUA in English 1701
GMT 22 Jul 94*

[Text] Bangkok, July 22 (XINHUA)—Chinese Foreign Minister Qian Qichen said that it is very important for China and Vietnam to enhance cooperation and maintain friendly relations.

During a meeting with Vietnamese Foreign Minister Nguyen Manh Cam, Qian said as for the problems existing between the two countries, they should be solved through consultations.

Thorny issues can be shelved for the time being, while exploring ways and methods for cooperation.

Qian said that the two countries have reached agreement on basic principles concerning their border disputes and positive progress has been made by the two sides in border negotiations, laying solid foundation for proper settlement of the border disputes between the two countries.

Cam said during the meeting that Vietnam is prepared to solve its disputes with China through negotiations and hoped that the disputes should not affect bilateral relations adversely.

He reiterated that Vietnam would follow the understanding reached between leaders of the two countries in solving the problems.

Meets Brunei Foreign Minister

*OW2307135594 Beijing XINHUA in English 1235
GMT 23 Jul 94*

[Text] Bangkok, July 23 (XINHUA)—A consultation session was held here this morning between Chinese vice

premier and Foreign Minister Qian Qichen and an ASEAN delegation led by Brunei Foreign Minister Prince Mohamed Bolkiah.

During the consultations, Qian reviewed the developments in the Asia-Pacific region and voiced his views on several issues of common concern.

He expressed his satisfaction with the development of relations between China and ASEAN.

With the establishment of the Joint Committee on Economic and Trade Cooperation and the Joint Committee on Scientific and Technological Cooperation between ASEAN and China, the scope for cooperation in the fields of economy, trade, science and technology will be further broadened, Qian said.

Senior officials from the six member countries of ASEAN also praised China's economic development and the role China has played in international affairs.

They said that there exist great potentials for the two sides to further their economic cooperation to a new stage.

On the Korean nuclear problem, Qian said the two basic objectives in solving the problem should be the realization of a nuclear-free zone, and peace and stability on the Korean peninsula.

He expressed the hope that all sides concerned will continue their dialogue in a constructive way so as to make progress towards the realization of a nuclear-free and stable Korean peninsula.

As for the outstanding problems facing Cambodia, the Chinese foreign minister said that these are Cambodia's internal problems and China supports the position of Cambodian King Norodom Sihanouk that these problems should be solved through peaceful rather than military means.

On ASEAN-Myanmar [Burma] relations, Qian said China noticed that ASEAN had adopted a constructive engagement policy towards Myanmar and believes that maintaining good relations with Myanmar will contribute to peace and stability in the region.

Meets Malaysian Foreign Minister

*OW2307164294 Beijing XINHUA in English 1615
GMT 23 Jul 94*

[Text] Bangkok, July 23 (XINHUA)—Chinese Foreign Minister Qian Qichen has said that Sino-Malaysian relations are satisfactory.

During a bilateral meeting with Malaysian Foreign Minister Datuk Abdullah Ahmad Badawi here today, Qian said relations between the two sides have been developing fast in recent years, both in trade and personnel exchanges.

Qian, who is here for the ASEAN ministerial meeting, said the visit to China by a Malaysian vice premier in August is expected to help promote bilateral relations, especially in the economic and trade field.

The Malaysian foreign minister agreed with Qian's assessment of the Sino-Malaysian ties, which he hoped could be further developed.

During the meeting, the two foreign ministers also exchanged views on regional and international issues.

Qian hoped that the Pyongyang-Washington and Pyongyang-Seoul talks would be held as scheduled and that problems on the Korean peninsula should be settled through dialogue.

Referring to Cambodia, Qian said the internal problems should be solved by the Cambodians themselves under the leadership of King Sihanouk, without interference of the external forces.

Meets ROK Foreign Minister

*OW2407074294 Beijing XINHUA in English 0628
GMT 24 Jul 94*

[Text] Bangkok, July 24 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen met South Korean Foreign Minister Han Sung-chu here this morning and exchanged views with him on bilateral relations and regional issues.

During the meeting, both Qian and Han expressed satisfaction with the development of relations between their two countries.

The two ministers also expressed their appreciation over the establishment of a joint committee on industrial cooperation, believing it would facilitate the coordination of economic cooperation between South Korea and China.

Han reiterated his country's support for restoring China's founder status in the General Agreement on Tariffs and Trade.

During the meeting, the two sides also exchanged views on the situation on the Korean peninsula.

Han said South Korea believes that the spirit and principle of dialogue remain effective and it is his hope that the high-level contacts between the two sides of Korea as well as between the DPRK (Democratic People's Republic of Korea) and the U.S. will continue.

Also in the morning, Qian exchanged views on bilateral relations with his New Zealand counterpart Don McKinnon.

Further on Han Sung-chu Meeting

*OW2407111094 Beijing XINHUA Domestic Service in
Chinese 0859 GMT 24 Jul 94*

[By reporters Li Guotian (2621 0948 3944) and Yu Zuncheng (0060 1415 2052)]

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[Text] Bangkok, 24 Jul (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen met with Korean Foreign Minister Han Sung-chu here this morning. They exchanged views on bilateral relations and regional issues.

The two foreign ministers expressed satisfaction with the development of relations between China and Korea, and hoped that high-level contacts between the two countries will be continued.

They also expressed their appreciation over the establishment of a joint committee on industrial cooperation. They said: As the economic structure of each country has its own merits, the establishment of the committee can further coordinate economic cooperation and facilitate industrial cooperation at a higher level between the two countries.

Han Sung-chu expressed his country's support for restoring China's founder status in the General Agreement on Tariffs and Trade.

Qian Qichen thanked him for the support, adding that China's participation in the world trade organization will contribute to the development of world trade.

The two foreign ministers also exchanged views on the situation on the Korean peninsula.

Meets Japanese Counterpart

OW2507084594 Beijing XINHUA in English 0817 GMT 25 Jul 94

[Text] Bangkok, July 25 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen said here today that further improvement of Sino-Japanese relations will not only be beneficial to the two countries but also contribute to peace and stability in the Asia-Pacific region and the world as a whole.

Qian said this during a meeting with his Japanese counterpart Yohei Kono here this morning. When they exchanged views on Sino-Japanese relations and regional issues, the Japanese vice premier and foreign minister said that solid foundation for the further development of Sino-Japanese relations has been laid, with personnel exchanges increasing and economic cooperation expanding. The Japanese Government will adhere to the policy of Sino-Japanese friendship, he added.

The Chinese vice premier also reiterated that China attaches great importance to the friendly and cooperative relationship with Japan.

Referring to the situation on the Korean peninsula, Yohei Kono stressed that problems of the peninsula must be solved through consultations, and all sides concerned should create the necessary conditions for keeping the dialogue going. In reply, Qian expressed his appreciation of the Japanese position, saying a peaceful, stable and nuclear-free Korean peninsula conforms with the fundamental interests of the countries in Northeast

Asia. Finally at the meeting, Qian invited his Japanese counterpart to visit China at his convenience and Yohei Kono also hoped that Qian would be able to visit Japan again.

Both Qian and Yohei Kono are here to attend activities and events pertaining to the 27th ASEAN ministerial meeting.

Qian Says DPRK in 'Peaceful Transition'

OW2507035794 Tokyo KYODO in English 0339 GMT 25 Jul 94

[Text] Bangkok, July 25 KYODO—Chinese foreign minister Qian Qichen said Monday talks on North Korea's nuclear program are going in the right direction and Pyongyang is in a peaceful transition after the death of President Kim Il-sung, Japanese officials said.

The officials said Qian made the remarks in a meeting in Bangkok with Japanese Foreign Minister Yohei Kono.

Kono told Qian that Tokyo continues to place importance on its relations with Beijing under the new coalition government of Prime Minister Tomiichi Murayama, the officials said.

Qian expressed the hope in the meeting that Japan would expedite the latest aid package for China at an early date, they said.

The two foreign ministers met before the start of a fresh regional security forum led by the Association of South-east Asian Nations (ASEAN).

Qian noted that the North Korean nuclear issue has created a situation of considerable tension over the past year, the officials said.

But he told Kono things are now moving in a positive direction and there is cause for optimism owing to the efforts undertaken by all countries concerned.

Qian hailed the fact that both North and South Korea, as well as the United States, have adopted a constructive attitude in the wake of Kim Il-sung's death.

Kono urged China to pool efforts with Japan to entice North Korea to commit itself firmly to the Nuclear Nonproliferation Treaty (NPT), to accept inspections of its nuclear facilities by the International Atomic Energy Agency (IAEA) and implement its agreement with South Korea on mutual nuclear inspections.

He vowed that Japan will extend all assistance possible to see that anticipated high-level talks on the nuclear issue between the U.S. and North Korea bear fruit.

Officials said Kono appealed to China to halt its underground testing of nuclear weapons, citing anxieties on the part of the Japanese public. He also called for the abolition of all nuclear weapons over the mid-to-long term.

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On Malaysia's proposal for an East Asian Economic Caucus (EAEC) that would exclude the U.S. and other non-Asian countries, Kono told Qian it should not have the effect of creating divisions in the Asia-Pacific region, which should be developed in a comprehensive manner.

China has come out in favor of the proposal, while Japan has been less than enthusiastic, partly out of consideration for the U.S., which opposes the idea as being inconsistent with the Asia-Pacific Economic Cooperation (APEC) forum.

Representative to UN Views Human Rights, 'Double Standard'

OW2207201694 Beijing XINHUA in English 1997
GMT 22 Jul 94

[Text] United Nations, July 22 (XINHUA)—The U.N. Commission on Human Rights has made some positive achievements but it should still make greater efforts to genuinely promote the achievement of human rights and fundamental freedoms, China's representative told the Economic and Social Council (Ecosoc) today.

Ambassador Li Zhaoxing, China's permanent representative to the U.N., was commenting on a report of the 50th session of the Commission on Human Rights at today's Ecosoc meeting.

Li said China appreciates the positive achievements made by the 50th session of the commission.

The session continued to consider, as priorities, the elimination of racism and racial discrimination, massive violation of human rights caused by foreign invasion and occupation, and various forms of new racism and xenophobia emerged in recent years.

The session opposed the practice by a number of countries of using unilateral coercive measures which run counter to the international law as means to put political, economic and social pressure on developing countries.

The session reiterated that the right to development is a universal and inalienable right, infusing new vitality for the international community's efforts for development.

But Li said China regretted that "some features of the Cold War", such as group confrontation, double standard and politicalization of human rights, are yet to be removed.

He noted that during the 50th session, some countries posed as defenders of human rights, willfully accused and attacked developing countries and frequently used country resolutions to put political pressure on others. "Such practice is in itself a violation of other countries' human rights and runs counter to the spirit of mutual respect and equal cooperation in the field of human rights as well as the Vienna Declaration (adopted at the world conference on human rights in 1993)," he said.

Li also criticized some countries "who overemphasized the universality of human rights while neglecting the special conditions in different regions and countries, and ignoring one category of rights under the pretext of promoting and protecting another category of rights". "Such one-sided explanation of the Vienna Declaration is not conducive to promoting and protecting various human rights and the fundamental freedoms," he said.

On the reform of the commission's work, Li said the reform should enable the commission to strictly observe the purposes and principles of the U.N. Charter, and remove such abnormal elements as politicalization of human rights and double standard so as to genuinely promote the achievement of human rights and fundamental freedoms. The commission should help, on the basis of mutual respect and equality among all countries, increase dialogue, cooperation and understanding rather than engaging in mutual confrontation and accusation.

Envoy Urges Cooperation

OW2307105994 Beijing XINHUA Domestic Service in Chinese 0801 GMT 23 Jul 94

[By reporter Wang Pingxing (3769 1627 5281)]

[Text] United Nations, 22 Jul (XINHUA)—Speaking to the UN Economic and Social Council on 22 July, Li Zhaoxing, China's permanent representative to the United Nations, pointed out: Instead of confronting and accusing each other, all countries should, on the basis of mutual respect and equality, hold dialogue, cooperate with each other, and enhance understanding on human rights issues.

Commenting on a report on the 50th session of the UN Commission on Human Rights, Li Zhaoxing said: This year's session has made some positive achievements in implementing the "Vienna Declaration" of the 1993 World Conference on Human Rights. These achievements are reflected in the way the session continued to consider, on a priority basis, the elimination of racism and racial discrimination, massive human rights violations caused by foreign invasion and occupation, and various forms of new racism and xenophobia that have emerged in recent years. They are reflected in the way the session opposed the practice by a number of countries of using unilateral coercive measures, which run counter to international law, as a means to exert political, economic, and social pressure on developing countries, and in the way the session infused new vitality in the effort to promote world development through its reiteration that the right to development is a universal and inalienable right.

Li Zhaoxing pointed out: During this year's UN Commission on Human Rights session, some countries posed as defenders of human rights, willfully accused and attacked developing countries by name, and frequently used national resolutions on human rights to apply political pressure on other countries. This practice itself

is a violation of other countries' human rights and runs counter to the spirit of mutual respect and equal cooperation in the field of human rights as well as the "Vienna Declaration." Some countries unilaterally emphasized the universality of human rights while neglecting special conditions in different regions and countries. They ignored one category of rights under the pretext of promoting and protecting another category of rights. Such one-sided interpretations of the "Vienna Declaration" are not conducive to protecting and promoting various human rights and fundamental freedoms.

On reform of the commission's work, Li Zhaoxing said: The purpose of reform is to enable the commission to strictly observe the purposes and principles of the "UN Charter" in its work, and to remove such abnormal elements as the politicalization of human rights and the adoption of double standards so as to genuinely promote the realization of human rights and fundamental freedoms. The commission should help all countries hold dialogue, cooperate with each other, and enhance understanding on the basis of mutual respect and equality instead of confronting and accusing each other. The commission should set its agenda in such a way as to ensure that all rights are balanced and that issues of concern to developing countries will be fully considered.

Wu Xueqian Discusses Relations With U.S., Australia

HK2507082794 Beijing ZHONGGUO XINWEN SHE
in Chinese 1142 GMT 22 Jul 94

[Text] Beijing, 22 Jul (ZHONGGUO XINWEN SHE)—When discussing the issue of Sino-U.S. relations this morning, Wu Xueqian, vice chairman of the Chinese People's Political Consultative Conference, said that the relations between China and the United States should be developed even better in various fields, as this is conducive to the people of both countries. China hopes that Sino-U.S. relations can be further improved and developed.

These remarks were made during his meeting with Peacock, foreign affairs spokesman of Australia's Liberal Party, when he answered his guest's question on Sino-U.S. relations.

During the meeting, which lasted an hour, Wu Xueqian answered every question in which the guests were interested. He maintained that on the whole, relations between China and Australia have been good since the establishment of diplomatic ties. In particular, the development of economic cooperation has been relatively faster in recent years. He said that there is massive potential for economic cooperation between China and Australia, so there are many things that both countries can do.

Peacock said: It is of great significance to the region and to the world to develop friendly relations between Australia and China. China has considerable influence in the

world arena, and is exercising a major role in regional and world affairs. Australia takes its relations with China very seriously, and the views of the ruling and opposition parties are unanimous on this issue.

He added: Australia firmly supports China's efforts to restore its signatory status in GATT.

Former Australian Foreign Minister Peacock told Wu Xueqian that he was very happy to revisit Beijing, and that when he walked into the Diaoyutai State Guest House again, he could not help recollecting many things in the past.

The meeting was held in the Diaoyutai State Guest House. Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs, participated in the meeting.

Peacock and his party arrived in Beijing yesterday for a nine-day visit at the invitation of the Chinese People's Institute of Foreign Affairs. It has been learned that his current visit is aimed at deepening understanding of China, and at talking with the Chinese officials on how to further develop relations between Australia and China. President Liu Shuqing will hold a work meeting with Peacock on this issue in the afternoon.

Beijing Envoy Meets Butrus-Ghali To Discuss Taiwan Issue

OW2307125494 Beijing XINHUA in English 1237
GMT 23 Jul 94

[Text] United Nations, July 22 (XINHUA)—Li Zhaoxing, China's ambassador to the United Nations, on Friday [22 Jul] met UN Secretary-General Butrus-Ghali to discuss the so-called Taiwanese "representation" in the world body and submitted to him an official letter explaining the Chinese position.

During the meeting, Li told the UN head that the Chinese Government and people felt great indignation at the request for so-called Taiwanese "representation" in the United Nations by Nicaragua and certain other countries.

"This move not only constitutes a serious infringement on China's sovereignty and a gross interference in China's internal affairs, but also contravenes the purposes and principles of the UN Charter and Resolution 2758 adopted by the General Assembly at its twenty-sixth session," Li said.

Referring to the unification of China, Li called it an irreversible trend of history.

"Having no regard for the overall interests of the Chinese nation, the Taiwanese authorities have continued in the international arena to engage in 'silver bullet diplomacy' aimed at the United Nations," Li said. "The Chinese Government and people are seriously concerned about these development and will never condone any attempt to split the motherland and obstruct and undermine the cause of China's reunification," he added.

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Butrus-Ghali responded by saying that this was an important matter, and he would do two things in particular to address it.

The first, he said, would be to pass on the letter immediately to the president of the General Assembly and have it adopted as an official General Assembly document by the 184 member states.

The second would be to issue a press communique on the meeting containing the entire contents of the letter, he noted.

Northeast Asia

PRC Naval Vessels Monitor Situation on Korean Peninsula

OW1907083294 Tokyo SANKEI SHIMBUN in Japanese 16 Jul 94 Evening Edition p 2

[Text] On 16 July, an international military source disclosed that ever since the announcement of DPRK President Kim Il-song's death on the evening of 9 July, two Chinese naval vessels have been gathering information in the Tsushima Strait. The same source analyzes this situation as the following: While trying to discover how the U.S. and South Korean militaries will deal with the situation if something goes wrong on the Korean peninsula, the action also has the political purpose of displaying China's military presence in the world's hot spot.

The two naval vessels, which are patrolling near the Tsushima Strait, are Chinese Navy Yannan-class buoy tender ships (AGS) [surveying ships]. Both ships had been carrying out research on the continental shelf in the East China Sea until the morning of 9 July. Immediately after the disclosure of President Kim Il-song's death, however, the ships stopped their research and rushed to the scene.

Ordinarily, the primary function of Yannan-class buoy tender ships is to set out buoys. However, these two are 1,750-ton ships, as large as Maritime Self-Defense Force convoy vessels. It is believed that the ships are equipped with excellent radar and electrical equipment. In the past, they often appeared and gathered information in the seas around South Korea during the U.S.-ROK "Team Spirit" exercises.

It can be said that China's sending the two ships to the Tsushima Strait, despite the fact that they are the only buoy tender ships that the Chinese Navy possesses, indicates that it is extremely interested in military movements on the Korean peninsula. In addition, there is a report that Chinese naval vessels are operating actively in the Yellow Sea as well.

Despite the occurrence of an unusual event, meaning President Kim Il-song's death, the Japanese Government did not hold a Security Council meeting. As for its reasons for this, the government, among other things,

cited the fact that the U.S. military was not on emergency-readiness status. However, the government did not disclose the fact that China had assumed a special posture.

Japanese Prime Minister Ends Visit to South Korea

OW2407041794 Beijing XINHUA in English 0302 GMT 24 Jul 94

[Text] Seoul, July 24 (XINHUA)—Japanese Prime Minister Tomiichi Murayama left here today for home after concluding a two-day official visit to South Korea.

South Korean President Kim Yong-sam had a breakfast meeting with Murayama this morning, during which both sides reaffirmed partnership between the two countries.

Kim and Murayama agreed that bilateral cooperation between Seoul and Tokyo is important and decided to closely consult with each other on pending issues over telephone whenever necessary.

"We talked to each other and agreed to promote friendship and strengthen bilateral cooperation between the two countries," Kim said after the meeting.

Murayama said, "I am satisfied with my visit to South Korea and I was deeply impressed by this country."

The Japanese prime minister arrived here Saturday [23 July] afternoon for a summit with President Kim, the first of its kind since the new Japanese Government headed by Murayama was formed in early July.

Kim and Murayama reaffirmed at their talks Saturday afternoon that the Seoul-Tokyo ties will remain unchanged and the two countries will continue their efforts to heal the wounds from unhappy past.

Murayama apologized for the atrocities during the 1910-1945 colonial rule over Korea, saying that "Japan rues its past."

Southeast Asia & Pacific

Spokesman Urges Cautious Approach on Military Transparency

OW2407085194 Tokyo KYODO in English 0826 GMT 24 Jul 94

[Text] Bangkok, July 24 KYODO—China will take a cautious approach to the issue of military transparency in southeast Asia when it attends a regional security forum on Monday [25 July], a Chinese spokesman indicated Sunday.

China's Deputy Director General for Information Shen Guofang told reporters that while the first ASEAN regional forum, to be attended by foreign ministers from 18 nations and one regional grouping, would be "very

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helpful" in easing tensions in the region, its moves toward military transparency should not be rushed.

Such moves "should be step by step because the circumstances of all the countries are different," he said.

China is a key military player in the region and some of its smaller neighbors have expressed fears about its perceived military projections, aired by Association of Southeast Asian Nations (ASEAN) members during a bilateral meeting with Chinese Foreign Minister Qian Qichen on Saturday, an ASEAN source said.

The source said ASEAN noted the disparity in the size, military strength and economic power of China compared with ASEAN states, and that these disparities could give rise to misunderstandings.

ASEAN groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

During the meeting, China offered assurances that its intentions in the region were peaceful, the source added.

Spokesman Comments on Security Meetings With ASEAN

OW2407130994 Tokyo KYODO in English 1256 GMT 24 Jul 94

[Text] Bangkok, July 24 KYODO—China and the Association of Southeast Asian Nations (ASEAN) have agreed in principle to hold regular high-level meetings to discuss political and security issues, Chinese officials said Sunday [24 Jul].

The agreement was reached during talks between Chinese Foreign Minister Qian Qichen and his ASEAN counterparts on Saturday, Qian's spokesman told a news conference.

The first meeting is scheduled for April next year in Beijing.

The move is aimed at increasing dialogue on political and security issues with China, as on the economic side ASEAN has begun to step up cooperation by setting up two joint committees—one on science and technology, and the other on trade and economy.

Politburo's Hu Jintao Meets Lao Delegation

OW2207133994 Beijing XINHUA in English 1247 GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—A top leader of the Chinese Communist Party (CPC) met with Maichantan Sengmani, member of the Political Bureau of the Lao People's Revolutionary Party (LPRP) Central Committee, and his party at the Great Hall of the People here today.

Hu Jintao, a Standing Committee member of the Political Bureau and a member of the Secretariat of the CPC

Central Committee, had a friendly conversation with the visitors on the development of party-to-party and state-to-state relations.

Maichantan, also director of the Commission for Inspection of the Party and Government and director of the Commission for Anti-Corruption of the LPRP's Central Committee, and his party arrived here earlier today as guests of the CPC Central Commission for Discipline Inspection.

Hu extended a welcome to the visitors. He said the people of China and Laos, being close neighbors, have a history of long-lasting friendly exchanges and enjoy a traditional friendship.

In recent years, he said, the relations between the two countries and the two parties have been growing smoothly and the high-level contacts have been increasing. He added that the exchanges and co-operation between the two parties in the area of discipline inspection also have been enhanced.

This will help increase mutual understanding so that the two sides can learn from each other, Hu said.

To strengthen and develop the existing relations between the two nations and the two parties is in the fundamental interests of the two peoples, Hu noted.

"We are willing to work together with our Lao comrades to further promote the relations between the two countries and the two parties," Hu said.

Hu also briefed the visitors on how the CPC enhances party construction and on the CPC's work of discipline inspection.

Maichantan Sengmani said the LPRP is willing to learn from the CPC's experiences in party construction and discipline inspection. He added that the LPRP is willing to strengthen and develop the friendly relations between the two parties and the two countries.

Wei Jianxing, a member of the Political Bureau and Secretariat of the CPC Central Committee and secretary of the CPC Central Commission for Discipline Inspection, and Lao Ambassador to China Ponmek Dalaloi were present at the meeting.

In the evening Wei Jianxing met with and hosted a dinner for the visitors at the great hall of the people.

Top Supreme Court Judge Meets Lao Counterpart

OW2207122694 Beijing XINHUA in English 1145 GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—Ren Jianxin, president of the Supreme People's Court, met here this evening with Ket Kiatisak, president of the Lao Supreme Court.

The guest's visit marks the first official exchange between the supreme courts of the two countries.

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Wang Guangying Meets With Lao Supreme Court President

*OW2307090494 Beijing XINHUA in English 0818
GMT 23 Jul 94*

[Text] Beijing, July 23 (XINHUA)—Wang Guangying, vice-chairman of the Standing Committee of the Chinese National People's Congress, met with Ket Kiatisak, president of the Lao Supreme Court, here today.

Wang called on Chinese and Lao judicial officials to have more exchanges and share each other's experience.

Ket Kiatisak briefed Wang on Lao's efforts in strengthening legal system over recent years.

Ket Kiatisak and his party arrived here yesterday in a bid to acquaint themselves with China's judicial system as well as its reform and opening-up processes.

Near East & South Asia

Chi Haotian, Indian Army Chief Discuss Border in Talks

*OW2307085394 Beijing XINHUA in English 0812
GMT 23 Jul 94*

[Text] Beijing, July 23 (XINHUA)—Chinese state councillor and Minister of National Defense Chi Haotian today conferred for 40 minutes here with a visiting Indian Army chief on building trust between the people of the two neighboring countries and their armed forces and looking forward.

General Chi Haotian told General B.C. Joshi, chief of the Indian Army, that China and India should "adopt a forward-looking approach, live in friendship and make the Sino-Indian border one of peace, good neighborliness and friendship."

Chi, who has just completed a tour of Russia and Pakistan, reaffirmed China's opposition to hegemonism and power politics.

"The five principles of peaceful coexistence which had been initiated jointly by China and India should be guiding principles for handling state-to-state relations," Chi said, adding that disputes between countries should be settled through consultations on an equal footing.

Chi expressed the hope that Joshi's week-long visit will be useful in increasing mutual understanding and trust between China and India.

Joshi said that the Indian Armed Forces, people and their leaders admire China's modernization drive.

He expressed the hope that the Armed Forces of India and China will respect each other, increase mutual understanding and build up trust. Increased friendship

and cooperation between India and China will be beneficial to both countries as well as the whole world, he said.

Xu Huizi, deputy chief of general staff of the Chinese People's Liberation Army, was among those present at the meeting.

More on Meeting

BK2407115594 Delhi All India Radio Network in English 1530 GMT 23 Jul 94

[Text] The Army chief, General B.C. Joshi, says armed forces of India and China should build up trust and increase mutual understanding. He said this when he called on the Chinese defense minister, General Chi Haotian, in Beijing. General Joshi said that increased cooperation between India and China will be beneficial not only to the two countries, but to the whole world.

PLA General Zhang Wannian Meets Indian Delegation

*OW2207120494 Beijing XINHUA in English 1108
GMT 22 Jul 94*

[Text] Beijing, July 22 (XINHUA)—General Zhang Wannian, chief of General Staff of the Chinese People's Liberation Army (PLA), met and hosted a dinner in honor of General B.C. Joshi, chief of staff of the Indian Army, and his party here this evening.

Joshi and his party are here on a week-long visit at the invitation of the PLA General Staff.

Earlier today General Xu Huizi, deputy chief of the PLA General Staff, presided over a welcome ceremony for Joshi and his party.

Zhang Remarks on India

BK2407115394 Beijing China Radio International in Hindi 1500 GMT 23 Jul 94

[Text] General Zhang Wannian, chief of General Staff of the Chinese People's Liberation Army, and General B.C. Joshi, chief of staff of the Indian Army, expressed hope in Beijing on 22 July that both countries will peacefully settle the border problem through talks in accordance with the principle of mutual understanding and concessions [riyayat]. General Joshi began his visit to China on 21 July. This is the first visit to China by the Indian Army leader [preceding word in English].

General Zhang Wannian said during the meeting that Sino-Indian border dispute is inherited from history. The border talks between the two countries are continuing well. He is confident that this problem will definitely be solved through the efforts of both sides.

General Joshi agreed with General Zhang Wannian's views and emphasized that pending a final settlement of the border problem, both sides should maintain peace in the border areas and avoid making the problem complicated [jatil].

Political & Social

Beijing To Implement 'Carrot-and-Stick' Policy in Tibet

OW0706112594 Tokyo SANKEI SHIMBUN in Japanese 6 Jun 94 Morning Edition p 4

[By correspondent Masaru Soma]

[Text] Hong Kong, 5 Jun—A source in Hong Kong who is familiar with Tibet disclosed on 5 June that rallies calling for independence were held five times in six days from 24 May to 29 May in Lhasa, Tibet, and that more than 20 Tibetans were arrested. It is unusual that so many rallies were held in such a short period of time. From now on, the Chinese Government is expected to increase its efforts to prevent such rallies from occurring, while adopting a preferential policy for the Tibetan economy. As such, Beijing will carry out a "carrot-and-stick policy" in governing the autonomous region.

According to the same source, lamas and nuns organized rallies for four consecutive days from 24 May to 27 May to demand independence. These rallies were not large in size, with between about a dozen and 100 people participating. Meanwhile, more than 200 people participated in an "antitax-hike" rally held on 27 May. Another small-scale rally was held on 28 May, but it was broken up quickly, the source said.

In an effort to prevent independence rallies from occurring, the authorities have enforced a rigid control over Tibetans. To escape this rigid control, more and more Tibetans are trying to flee into Nepal, Tibet's neighbor, but more than 70 Tibetans have been caught before they fled into Nepal, the source said.

Lhasa has been under a strict watch because of the Tibetan spiritual leader Dalai Lama's birthday in July. Being alarmed by the recent rallies, the Tibetan authorities convened an emergency meeting at which they reaffirmed a plan for each section to keep a strict watch on the moves of "schismatics," who are demanding the independence of Tibet.

This is the first time that the Chinese Government has enforced rigid control since it failed to attract the 2000 Olympic games to Beijing last fall. It is believed that the authorities are keeping a strict watch to prevent unexpected events from happening on the fifth anniversary of the Tiananmen incident scheduled for 4 June, the Dalai Lama's birthday in July, and the 30th anniversary of the founding of Tibet next year.

It is said that the Chinese Government, while strengthening its watchfulness, is considering adopting a preferential policy for the Tibetan economy to ease mounting dissatisfaction with the autonomous region's economic conditions, as seen in the antitax-hike rally. WEN WEI PO, a Chinese newspaper published in Hong Kong, reported that a government source in Beijing said that the government leadership has decided to employ a

preferential policy for the development of Tibet similar to that adopted for special economic zones.

In the report, this source said by guaranteeing the same level of economic growth as is found in special economic zones, Beijing aims to ease the chronic social unrest in Tibet.

Zhu Rongji Inspects Flood Areas in Three Provinces

HK2507092394 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 13 Jul 94

[Text] During his recent inspection of Qinghai Province, Guangxi Region, and Guangdong Province, Zhu Rongji urged people in the flooded areas to brace up and rebuild their damaged hometowns. He also listened to flood resistance, disaster relief, and economic work reports made by Qinghai, Guangxi, and Guangdong; expressed satisfaction over flood resistance and disaster relief work conducted by Qinghai, Guangxi, and Guangdong; fully affirmed flood resistance and disaster relief achievements made by Qinghai, Guangxi, and Guangdong; and extended sincere tribute and thanks to the broad masses of cadres and people involved in the current flood resistance and disaster relief work, especially the soldiers and officers of the People's Liberation Army, public security personnel, and armed police officers and policemen, who have been playing a pivotal role by rushing to deal with emergencies and combat disasters in a timely manner.

Zhu Rongji pointed out: At the moment, while conducting flood resistance and disaster relief work, we first should make proper arrangements for people's livelihood in the flooded areas and should strive to stabilize market prices, especially grain and vegetable prices. We should see to it that no one will die of hunger and that grain prices will not soar as a result of the disaster, so as to maintain market stability. Second, we should make every possible endeavor to resume industrial and agricultural production, especially agricultural production. Third, we should go all-out to increase revenue, cut down on outlay, increase production, and practice economy in order to recover flood-incurred losses. Fourth, we should conscientiously sum up both the experiences and the lessons of the recent flood disaster, especially such grave lessons as major cities lacking in adequate antiflood precautions.

During his inspection, Zhu Rongji also worked out, through consultations with the local leaders concerned, well-conceived arrangements for allocating and transporting grain, edible oil, and chemical fertilizers; appropriating more relief funds; and providing more loans to flooded areas.

Qiao Shi Sends Greetings to Shanghai Art Festival

OW2307144194 Beijing XINHUA in English 1229 GMT 23 Jul 94

[Text] Shanghai, July 23 (XINHUA)—The first Shanghai International Children's Art Festival, with the theme of peace, friendship and the future, opened in a stadium here today.

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Forty-six children's art troupes from 23 countries worldwide are represented at the six-day event. They will present art performances, get-together, children's football games and other events.

The festival has received congratulations from senior Chinese and foreign leaders, including chairman of the Chinese National People's Congress Qiao Shi and the Canadian prime minister, officials from the organizing committee said.

The art festival is sponsored by the China Welfare Institute, a charitable body started by the late honorary Chinese president Soong Ching Ling, and the Shanghai People's Association for Friendship With Foreign Countries.

It will be held every three years from now on.

Deng Reportedly Asks Wan Li, Bo Yibo To Counter Chen Yun

OW1506141394 Tokyo YOMIURI SHIMBUN in Japanese 15 Jun 94 Morning Edition p 4

[By correspondent Toshiaki Arai]

[Text] Beijing, 14 Jun—According to informed sources in Beijing, Chinese paramount leader Deng Xiaoping, 89, recently ordered the Jiang Zemin leadership to consult with Wan Li, 77, former National People's Congress Standing Committee chairman; Bo Yibo, 85, former Central Advisory Commission [CAC] vice chairman; and Gu Mu, 79, former vice premier, when making decisions on important policies in the post-Deng Xiaoping era. This move is considered to be aimed at strengthening the influential power of the three reformist elders who are close to Deng, to prepare for the possible situation in which former CAC Chairman Chen Yun, 89, a conservative elder, could live longer than Deng; and as a result, the power of conservative forces would become strong.

The health of Deng, who will mark his 90th birthday in August, is a matter of primary concern at home and abroad. For example, the rumor about Deng's death recently spread in Japan and Hong Kong. The Chinese Government denied the rumor, saying: "Deng is in good health." But a prevailing view is that his age being what it is, he has gradually become physically weak. Attention is now focused on who will live longer—Deng or his rival Chen—and on whether the future course of China will be affected if Chen lives longer.

Deng's order can be regarded as a safeguard measure to maintain the "Deng Xiaoping-line after his death." It appears that Deng has appointed Wan Li and two other elders as advisers, or assistants, to the Jiang Zemin leadership to prevent the CPC general secretary—who was elected successor to Deng by Deng himself—from deviating from a reform and open-door policy influenced by Chen and other conservative elders such as Song Renqiong, 84, former CAC vice chairman; Yao

Yilin, 76, former vice premier; and Song Ping, 76, former CPC Political Bureau Standing Committee member.

Wan Li is close to former CPC General Secretary Zhao Ziyang, 74, who was dismissed from the post five years ago for his involvement in the Tiananmen incident. Some people believe the appointment of Wan as a government adviser indicates that Deng thinks the disgrace over the 1989 pro-democracy movement, which led to the Tiananmen incident, will be removed, though partially, in the post-Deng Xiaoping era.

State Council Strengthens Intellectual Property Rights

OW2207155794 Beijing XINHUA in English 1531 GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—China's State Council today issued a decision to further protect intellectual property rights.

The decision aims to meet the need for international scientific and economic unity and the need for China's resumption of its status in the General Agreement on Tariffs and Trade.

In the past several years China has promulgated several laws concerning the protection of intellectual property rights, such as the Trade Mark Law, Patent Law, Technology Contract Law, Copyright Law and the Anti-Unfair Competition Law.

As the system of intellectual property rights has been established for only a short time in China and people have weak consciousness in this regard, cases involving the infringement of intellectual property right still occur from time to time.

To punish offenders more severely, the Standing Committee of the National People's Congress passed a decision at the beginning of this month to mete out criminal punishment for copyright piracy.

The State Council's decision urged all the legislative and administrative organs to co-operate to protect intellectual property rights.

Local governments at all levels have been told to support the people's courts in trying cases of copyright piracy and to set up intellectual property right courts.

To strengthen the administration in this regard, the State Council will meet regularly to discuss problems concerning intellectual property protection and check on the work.

The decision states that the present emphasis is on examining and rectifying the markets for compact and laser discs, and computer software.

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Xiao Yang Views Deng's Ideas on Democracy, Legal System*OW2407225094 Beijing XINHUA Domestic Service in Chinese 1224 GMT 19 Jul 94*

[By Shao Yingbo (0730 4481 3134), Central People's Radio Network reporter, and XINHUA reporter Zhou Zongmin (0719 1350 2404)]

[Text] Qinhuangdao, 19 Jul (XINHUA)—Justice Minister Xiao Yang said today: Developing democracy, perfecting the legal system, and instituting the rule of law are the essence of Comrade Deng Xiaoping's thinking on democracy and the legal system. It is a fundamentally important task of judicial and procuratorial cadres, particularly leading cadres, to conscientiously study and precisely grasp Comrade Deng Xiaoping's expositions on the construction of democracy and the legal system and to use them to guide and improve their work.

He said: It is necessary to study Comrade Deng Xiaoping's thinking on democracy and the legal system in order to build a democracy and a socialist legal system with Chinese characteristics. As a member of the CPC's first generation of the leading collective and the nucleus of its second-generation leading collective, Deng Xiaoping has summed up the CPC's historical experiences in leading the people to fight for a democracy and to construct a socialist legal system over the past 70 years or so, has proposed many original ideas with exceptional insights, and has defined the proper positions of democracy and the legal system in the overall situation. He has provided compendious and correct answers to a series of important questions concerning the relations between the legal system and the party's leadership, the legal system and economic construction, the legal system and democracy, and the legal system and dictatorship, which had puzzled the people for a long time. He has also made a penetrating analysis on the new situations and problems cropping up in the links between legislation, abiding by the law, law enforcement, and judicial affairs, and he has come up with new methods to solve these problems. They are valuable treasures to the CPC and the people.

Xiao Yang made the aforementioned remarks in Qinhuangdao at a national conference for mobilizing judicial department (bureau) directors to study "Deng Xiaoping on the Construction of Democracy and the Legal System." With the approval of relevant departments, the CPC Central Committee Propaganda Department and Ministry of Justice have jointly compiled the book entitled *Deng Xiaoping on the Construction of Democracy and the Legal System*. The first draft of the book has been completed, and the book is expected to be published later this year.

It has been learned that *Deng Xiaoping on the Construction of Democracy and the Legal System* includes Comrade Deng Xiaoping's important expositions concerning the construction of socialist democracy and the legal

system published since the founding of China, particularly during the period from the Third Plenary Session of the 11th CPC Central Committee to his inspection of south China in 1992, during which he delivered an important talk. The whole book includes five parts: "On the Position and Role of Socialist Democracy and the Legal System," "On Advocating Socialist Democracy," "On Improving the Socialist Legal System," "On Perfecting the Socialist Democratic System," and "On the Fulfillment of Socialist Democracy and the Legal System." The articles in the book are all selected from Comrade Deng Xiaoping's published works.

Xiao Yang maintained that the basic concepts and major contents of Deng Xiaoping's thinking on democracy and the legal system are: Without democracy, there would be no socialism and socialist modernization; it is necessary to systematize and legislate democracy; democratic centralism is the basic system of the CPC and the state; there should be laws to follow, laws must be abided by and strictly enforced, and all violations of laws must be dealt with; economic crimes and all criminal activities must be cracked down on severely; the fundamental key to strengthening the legal system lies in educating the people; anticorruption efforts must rely on the legal system; and it is the CPC's firm principle to uphold democracy and the legal system.

The work on judicial administration is an important part of China's construction of democracy and the legal system. Xiao Yang said: Comrade Deng Xiaoping's expositions on the construction of democracy and the legal system are of direct and guiding significance to China's work on judicial administration. For example, Comrade Deng Xiaoping has attached great importance to the work on prisons and has on many occasions stressed the use of prisons to effectively punish and prevent crimes. As for lawyers' work, Comrade Deng Xiaoping has expressed important opinions in 1980 and 1981. The aim of the Justice Ministry's taking the initiative in organizing the study of *Deng Xiaoping on the Construction of Democracy and the Legal System* is to improve the principles, system, foresight, and creativeness of China's work on judicial administration and to offer quality legal guarantees and services to reform, opening up, and the modernization drive.

Zhang Siqing Stresses Study of Deng Xiaoping's Works*OW2207223494 Beijing XINHUA Domestic Service in Chinese 0941 GMT 16 Jul 94*

[By RENMIN RIBAO reporter Wang Bixue (3769 3024 1331) and XINHUA reporter Wang Jinfu (3076 6855 4395)]

[Text] Qinhuangdao, 16 Jul (XINHUA)—Speaking at a national theoretical workshop for provincial chief procurators which opened today, Zhang Siqing, procurator general of the Supreme People's Procuratorate, said:

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Procuratorial cadres must seriously study and understand Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, take this scientific theory as their work guidance in practice, and further improve procuratorial work.

Zhang Siqing said: Volume 3 of the *"Selected Works of Deng Xiaoping"* is a theoretical summation of our ample experience in carrying out reform, opening up to the outside world, and launching the socialist modernization drive under Comrade Deng Xiaoping's leadership. It is also a scientific guide that leads us forward continuously. Through their study of Volume 3 of the *Selected Works of Deng Xiaoping*, procuratorial cadres should try to gain a correct understanding of the way Comrade Deng Xiaoping's basic viewpoints are interconnected, and they should completely and accurately master the theoretical foundation of the basic line of "one center and two basic points."

Zhang Siqing urged procuratorial cadres to study Volume 3 of the *Selected Works of Deng Xiaoping* in light of actual procuratorial work, pay special attention to understanding and mastering Comrade Deng Xiaoping's principle of "promoting both material and spiritual civilization and paying equal attention to both," and understand and master Comrade Deng Xiaoping's ideas for fighting corruption, promoting clean administration, and placing stability above everything else.

Justice Minister on Upgrading Legal Service, Prisons

Speaks at Forum on Labor Reform

OW2307192594 Beijing XINHUA Domestic Service in Chinese 1008 GMT 17 Jul 94

[By RENMIN RIBAO reporter Wu Jing (0702 0352) and XINHUA reporter Li Huaping (2621 5478 1627)]

[Text] Qinhuangdao, 17 Jul (XINHUA)—Justice Minister Xiao Yang pointed out today: In carrying out the current administrative work in the justice field, we should continue focusing legal service work on a reform of the legal profession and focusing labor reform work on building modern, civilized prisons as well as reform-through-education and reform-through-labor camps.

Xiao Yang made these remarks at a national forum for justice department (bureau) directors which concluded today.

Xiao Yang pointed out: In work concerning lawyers, it is necessary to focus attention on properly developing various kinds of lawyer organizations and lawyers, establishing and perfecting lively and vigorous operating mechanisms inside legal offices, and accelerating the establishment of a new lawyer supervision system. In building modern, civilized prisons as well as reform-through-education and reform-through-labor camps, it is necessary to focus attention on properly administering prison and reform camp affairs, and on work such as

reform through education, reform through labor, sanitation, as well as prison and reform camp facilities and installations, to make "the hardware hard and the software strong." We should pay attention to key tasks and bring along ordinary work to promote the comprehensive development of all kinds of work.

Xiao Yang stated: It is necessary to further emancipate the mind, open up new fields in administrative work in the justice field, and foster an idea of "extended service," i.e. to provide legal services for cultivating the market's mainstay; to provide legal services for maintaining order in the market economy; to provide the government with legal assistance and services for carrying out overall regulation and control over the national economy as well as democratic and scientific decision-making; to provide legal guarantees and services for production, circulation, distribution, and various activities of consumption; and to provide legal services for social stability. He said: Legal service work should keep up with the depth of reform and the extent of the market economy's development; we should make legal services available wherever they are needed.

Seminar Urges 'Civilized' Penal Facilities

OW2307204994 Beijing XINHUA Domestic Service in Chinese 0618 GMT 13 Jul 94

[By reporters Zhou Lixian (0719 4539 2009) and Li Huaping (2621 5478 1627)]

[Text] Qinhuangdao, 13 Jul (XINHUA)—China's prisons and institutions for reform through labor and rehabilitation have undergone tremendous changes since reform and opening up. Most of these prisons and institutions possess conditions for becoming modern and civilized facilities.

The ongoing national seminar of directors of judicial departments (bureaus) here enumerated four favorable conditions: 1) Workers on the reform-through-labor and reform-through-rehabilitation front can be trusted by the party and people because of their political firmness, professional ways, and strict law enforcement efforts. 2) Because prisons and institutions for reform through labor and rehabilitation have grown considerably in size, their facilities and equipment have shown varying degrees of improvement. 3) The general operational level of prisons and institutions for reform through labor and rehabilitation has improved significantly. Prisons and institutions are in good order and have proved successful at rehabilitation. 4) Production by prisons and institutions for reform through labor and rehabilitation has given rise to economic entities encompassing various sectors and products, as well as a large number of fairly efficient enterprises. These economic entities and enterprises can supply some of the materials needed for building modern and civilized prisons and institutions for reform through labor and rehabilitation.

It has been disclosed that China now has some 700 prisons and over 200 institutions for reform through

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labor and rehabilitation, which house over 1.24 million inmates and more than 150,000 people undergoing reform through labor and rehabilitation. Over the past 40-odd years, departments in charge of reform through labor and rehabilitation have achieved remarkable results in turning large numbers of lawbreakers, criminals, and people undergoing reform through labor and rehabilitation into people useful to society in accordance with the principles of "combining punishment with reform and taking the latter as the aim" and of "education, suasion, and redemption." They have made due contributions to developing a socialist legal system.

The seminar noted: As the program of reform and opening up widens, and the socialist modernization drive continues to expand, we must quickly change the backward state of prisons and institutions for reform through labor and rehabilitation, and gradually build them into modern and civilized facilities. This will enable them to achieve even greater success in reforming criminals and people undergoing reform through labor and rehabilitation. It will also help more criminals and people undergoing reform through labor and rehabilitation become self-supporting and law-abiding citizens, as well as people useful for socialist construction after their release.

The seminar called for taking reality into account and making unified plans for building, in stages, modern and civilized prisons and institutions for reform through labor and rehabilitation. The seminar decided to build 10 prisons and 16 institutions for reform through labor and rehabilitation—including the Shanghai Municipal Qingpu Prison and the Guangdong Provincial Reform-Through-Rehabilitation Institution for Drug Addicts—into modern and civilized facilities at the ministerial or provincial level over the next two years.

Ding Guangen Addresses Theoretical Forum

OW2507112194 Beijing XINHUA Domestic Service in Chinese 1249 GMT 19 Jul 94

[Text] Beijing, 19 Jul (XINHUA)—The organization of research bases for the theory of building socialism with Chinese characteristics, undertaken pursuant to a CPC Central Committee decision, has been completed at the Central Party School, State Education Commission, Chinese Academy of Social Sciences, People's Liberation Army National Defense University, and Shanghai Academy of Social Sciences. The CPC Central Committee Propaganda Department held a meeting from 18-19 July to exchange the work experience of the five research bases. Ding Guangen chaired the meeting.

Participants at the meeting discussed the current situation in the study, research, and propaganda of the theory of building socialism with Chinese characteristics; exchanged information on the work conducted by the research bases; and discussed tasks and topics for the next-stage research. Comrades at the meeting unanimously agreed: Since the 14th National Party Congress,

the situation in theoretical work, like the nation's situation in general, has been good. This is reflected primarily in the following: First, Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics has become the fundamental guide for work in all fields. The theory is rooted in the practice of the masses and has also stood the test of practice. It is very practical and effective from the theoretical perspective. It represents a comprehensive, overall understanding of the fundamental law of socialism. It is a scientific guide in our march toward victory. Second, there is a growing upsurge among our leading cadres to take the lead in studying this theory. Since publication of Volume 3 of the *Selected Works of Deng Xiaoping*, 175 principal leading cadres at the provincial and ministerial level have attended theoretical seminars, and most of our cadres at and above the departmental level have gone through training classes. A new atmosphere of studying the theory of building socialism with Chinese characteristics has appeared among large numbers of grass-roots cadres and the masses. Third, the media has upheld a correct orientation in theoretical propaganda. The mass media, such as newspapers and radio and television stations, placed propaganda on the theory of building socialism with Chinese characteristics in a prominent position. They stressed the importance of construction and loudly publicized this main theme of theoretical propaganda. Fourth, the ranks engaged in research into the theory of building socialism with Chinese characteristics have gradually expanded. In addition to the five theoretical research bases, research centers, groups, and societies doing research in the theory have also been established in many provinces and municipalities. This indicates that the ranks studying the theory have been organized, and this is a major event in theoretical circles. Fifth, the role of theory in guiding practical work has become increasingly conspicuous. As a result of the study of Comrade Deng Xiaoping's theory by the entire party under the leadership of the CPC Central Committee, with Comrade Jiang Zemin as its core, we have set the reform goal of establishing a socialist market economic structure, built a basic framework, brought about a breakthrough in major reforms, and pushed forward reforms on all fronts. We have further enhanced our awareness of "grasping two links at the same time, attaching equal importance to both," and strengthened the building of party style and clean government and the promotion of spiritual civilization. We have put forward the guidelines of "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability" and correctly handled the relationship between reform, development, and stability to promote sustained, rapid, and healthy development of the national economy.

In his speech, Ding Guangen first stressed the current need to profoundly understand Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the great significance of arming the entire party with it. He pointed out: Since the Third Plenary

Session of the 11th CPC Central Committee, our party's greatest achievement in the building of theory is the establishment of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. The theory carries forward and develops Mao Zedong Thought. It is the result of scientific summing-up of the historical experience of China's socialist construction and the fresh experience of its socialist construction since the Third Plenary Session of the 11th CPC Central Committee, as well as the result of scientific analysis of the international environment and characteristics of our times. Practice has demonstrated that the theory is a great banner of China's reform, opening up, and modernization; a powerful spiritual pillar of our nation's revitalization and development; and our party's and people's most valuable spiritual wealth. In contemporary China, upholding Deng Xiaoping's theory of building socialism with Chinese characteristics is tantamount to truly upholding and developing Marxism-Leninism-Mao Zedong Thought.

He stressed: The unequivocal decision of the 14th National Party Congress to arm the entire party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics has long-term significance to the whole situation. The decision, out of the urgent need to push forward the great practice of reform, opening up, and modernization, is a major step toward strengthening and improving party construction in the new period. It also provides a fundamental safeguard to upholding the party's basic line and not wavering in it for 100 years. "The basic line will remain in force for 100 years and we must not waver in it." This is strategic thinking which commands the overall situation from a long-term perspective and affects the party and state's destiny. Only ideologically when we have absolute faith in the theory of building socialism with Chinese characteristics can we politically uphold the party's basic line and not waver in it.

In his analysis of the situation, Ding Guangen pointed out: There two primary reasons why the current situation on the theoretical work front is good: First, the theory has strong vitality, appeal, and cohesive force. Second, the party's central leadership is strong and energetic [jian qiang you li 1017 1730 2589 0500], Jiang Zemin and other central leading comrades have personally attended to theoretical work, and party committees at all levels have attached importance to it. Today, the theory of building socialism with Chinese characteristics has increasingly struck roots in the hearts of the people. To dearly treasure this good situation and consolidate and develop it, the most important thing is to push the study, research, and propaganda of this theory in depth and breadth to ensure the theory is more deeply rooted in the hearts of all party members and people across the country; and that the large numbers of party members, cadres, and people have a complete grasp and a perfect command of it. To strike deeper roots in our hearts, we must further enhance our consciousness and master the theory through comprehensive study with reference to

practice and with the aim of applying it in practice. We must further carefully read the original works of the "Selected Works of Deng Xiaoping," comprehensively and systematically study the basic viewpoints of the theory of building socialism with Chinese characteristics, grasp its essence, understand the inherent links between its various viewpoints from an overall perspective, and grasp its scientific system. We must profoundly understand the correctness of the party's basic line and take the road of socialism with Chinese characteristics with greater faith by tackling the basic issue of what is socialism and how to build socialism and by focusing on the party's basic line, the primary line. We must grasp the essence of emancipating the mind and seeking truth from facts, and learn and make Comrade Deng Xiaoping's scientific approaches and creative spirit our ideological foundation for observing, understanding, and resolving issues. We must uphold the principle of integrating theory with practice, firmly focus on the party's tasks and general situation, work creatively, go deep into the realities of life to conduct investigations and study, and use the theory to guide practice and resolve problems.

Speaking of the purpose and significance of building theoretical research bases, Ding Guangen pointed out: The purpose of building the five theoretical research bases is to carry out the task of studying, researching, and publicizing the theory of building socialism with Chinese characteristics even better, and to serve the cause of arming the entire party with this theory and upholding the party's basic line and not wavering in it for 100 years. Building the research bases is an important measure toward arming the entire party with the theory, an effective means toward strengthening the building of the theoretical ranks, and a new approach to strengthening and improving theoretical work. Ding Guangen stressed: We must earnestly implement the instruction on the five research bases given by Comrade Jiang Zemin in his speech at the national conference on propaganda and ideological work early this year, and conduct our work by focusing on Deng Xiaoping's theory of building socialism with Chinese characteristics, which is the main theme. We must uphold the study style of integrating theory with practice and serve the general interests of party and state work. We must pay attention to strengthening cooperation and coordination, and pool our efforts to promote the entire research work so that it will shine brilliantly. We must earnestly unite the theoretical ranks, train more competent personnel, make full use of the talents of comrades engaged in theoretical research for a long period, attach importance to training young and middle-aged personnel, and attract more and more talented young and middle-aged theoreticians to the field of research in the theory of building socialism with Chinese characteristics.

Wang Renzhi, Gong Yuzhi, Liu Cunkang, Li Wenhui, and Xia Yulong, those responsible for the five research bases, attended the meeting. Zheng Bijian, Liu Yunshan, Zhai Taifeng, and Bai Keming from the CPC Central

Committee Propaganda Department, Zhou Reijin from RENMIN RIBAO, and Xing Bensi from QIUSHI attended the meeting.

'Urgent' Precautions Needed Against AIDS 'Epidemic'

HK2507095194 Beijing ZHONGGUO XINWEN SHE in English 1315 GMT 22 Jul 94

[Text] Beijing, July 22 (CNS)—1,361 AIDS cases had been discovered in the mainland as of late last May, of which 1,106 cases involved Mainland residents, according to the Minister of Public Health, Mr Chen Minzhang. Such a figure, however, was obtained from examination of a mere three million persons. There will be a large group of persons infected with virus of the deadly disease and remained undiscovered so far. The work on precaution against the disease is urgent but difficult.

News reports said that there were 920,000 arrests mainly resulting from prostitution and nearly one million drug addicts between 1982 and 1993. Despite the fact that drug addiction by means of intravenous injection was only seen in a few areas including Yunnan Province, there saw an increasing trend which involved the common application of syringe needle. A group of persons having high risk in contacting AIDS cover eight categories of persons including homosexuals and workers going abroad for labour service.

Following research and analyses, scholars were convinced that the spread of the fatal disease tended to be serious because of a sharp rise in mobile population across the country. The number of persons infected with the AIDS virus was between 4,810 and 11,415 across the country in 1992. Experts categorically pointed out China had entered a stage in which the AIDS virus began to spread. Not only is the high risk group exposed to the virus but persons living a regular life are also subject to such infection.

A projection by Professor Chen Chunming of the Chinese Academy of Medical Sciences for Precaution, said that the conservative figure of AIDS virus carriers would be estimated at 55,000 and AIDS patients at 11,000 across the country by the turn of this century. Another projection put the number of virus carriers at 270,000 and patients at 55,000, showing a critical situation.

Experts made an urgent appeal to various basic medical units to pay much attention to sterilization, recovery and destruction of used medical instruments. They also called for establishment of an examination system for blood bank in a bid to prevent the blood reserve from AIDS contamination. As China is a country with so large a population, a developing economy and poor hygiene conditions but not sufficient attention has been paid to prevention of AIDS, a catastrophic result will be seen in society and the economy as a whole if the fatal disease goes unchecked.

Circular Calls For Reducing Peasant Burdens

OW2407223094 Beijing XINHUA Domestic Service in Chinese 0712 GMT 20 Jul 94

[Text] Beijing, 20 Jul (XINHUA)—The General Offices of the CPC Central Committee and the State Council recently issued a circular in which they relayed the "1993 Report on the Status of Reviewing Peasants' Burdens" prepared by the Agriculture Ministry, the Supervision Ministry, the Finance Ministry, the State Planning Commission, and the State Council's Legislative Affairs Bureau. They urged all localities and departments to compare their results and to adopt resolute and strong measures to solve their work-related problems in earnest.

The "circular" noted: Protecting peasants' legitimate rights and interests, inspiring peasants' enthusiasm for production, and earnestly reducing peasants' burdens are the party's basic policies on rural work. In matters involving peasants' burdens, no localities or departments may initiate new fees without obtaining prior approval in accordance with legal procedures. Party committees and governments at all levels should personally assume overall responsibility for reducing peasants' burdens. In cases where peasants' ever-growing burdens lead to serious consequences, the parties concerned and the leaders directly responsible for the consequences should be brought to account in accordance with the law, and the responsibility of party and government leaders at the next higher level should also be investigated.

The "status report" relayed by the circular noted: Since their promulgation in 1993, party committees and governments at all levels have seriously implemented the "Circular of Opinions of the General Offices of the CPC Central Committee and the State Council on Examining, Approving, and Dealing With Fees To Be Collected From Peasants" and the State Council-formulated "Regulations Governing Fees and Labor Services for Which Peasants Are Responsible." Party and government leaders have personally organized efforts to implement the circular and the regulations, and people's congresses and Chinese People's Political Consultative Conference committees have taken an active part in carefully reviewing documents and strictly examining the types of fees to be collected. This has produced remarkable results in alleviating peasants' burdens. Thus far, the central, provincial, prefectural, and county authorities have generally sorted out documents and fees that affect peasants' burdens. Their decrees revoking or suspending some fees have been observed in most areas. There has been a sharp decline in activities in which peasants are urged to contribute cash, materials, or labor services to fulfill quotas or achieve higher levels. The trend toward increasing peasants' social burdens with each passing year through the collection of fees and money has been reined in. Statistics show that fees payable by peasants and revoked or suspended by the central and provincial authorities in 1993 can help reduce peasants' burdens by 10 billion yuan or more across the nation. The important measures instituted by the CPC Central Committee and

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the State Council to alleviate peasants' burdens have elicited an enthusiastic response from peasants and gained immense popular support. Although the task of reducing peasants' burdens has largely produced remarkable results, we are far from having solved thoroughly the problem of placing undue burdens on peasants. Some deep-seated contradictions remain fairly salient, and the tasks facing us are quite formidable. These are existing problems: Some local leaders have yet to unify their thinking. Some departments have persisted in their old ways by continuing to collect fees that have been officially prohibited, and by carrying on activities that increase peasants' burdens in an effort to fulfill quotas or achieve higher levels. The practice of arbitrarily collecting fees has yet to be brought under effective control. Some localities have called for reinstituting some fees revoked by the central authorities or have even adopted "countermeasures" to central policies. The problem of placing excessive burdens on peasants remains salient in some poverty-stricken areas. Because of excessive burdens on peasants, some areas have, from time to time, experienced incidents which have led to serious consequences.

The five central government departments noted emphatically: We should steadfastly implement the "Circular of Opinions of the General Offices of the CPC Central Committee and the State Council on Examining, Approving, and Dealing With Fees To Be Collected From Peasants." We should step up supervision, prevent people from taking countermeasures, earnestly investigate and deal with incidents which have led to serious consequences, and, acting in accordance with the law, bring to justice those people who have caused such incidents in violation of criminal laws. We should specifically deal with key departments and problems which have aroused strong indignation among peasants. We should order such departments to take remedial action, through self-examination and self-correction, within a specified period. We should issue circulars criticizing departments and units with serious problems, and determine their key leaders' responsibility. We should further improve laws and regulations regarding peasants' burdens, and expand our coordinating functions. From now on, we should consult the departments in charge of supervising and managing matters regarding peasants' burdens before promulgating policies that may lead to changes in the prices of essential agricultural means of production (including water and electricity for agricultural production). We should keep such departments adequately staffed and even expand them.

Economic & Agricultural

Conference on Reducing State Enterprise Losses Ends

OW2307162794 Beijing XINHUA in English 1437
GMT 23 Jul 94

[Text] Beijing, July 23 (XINHUA)—The three-day national conference on reducing enterprise' losses and

increasing their profits, held under the auspices of the State Council, closed here today.

Vice-Premier Zou Jiahua, addressing the closing session, stressed that at present it is first and foremost necessary to make reliable arrangements for enterprises to fulfill their quotas of reducing losses and increasing profits.

He said that in the second half of this year, the percentage of loss-making enterprises should be five percent less than in the first half of the year and the total volume of losses should be reduced by 20 percent.

Zou urged leading officials at all levels to handle the matter personally and with unremitting efforts.

Zhang Youcai, deputy minister of finance, emphasized that it is most important to help enterprises with serious general debility—particularly the 1,185 enterprises whose losses account for 60 percent of the national total—make up their deficits.

Participants to the conference compared notes with regard to reducing enterprise losses and increasing profits, analyzed the current situation in this aspect, and discussed concrete useful policies for solving the problem, according to sources close to the conference.

Leaders Encourage Growth of Maritime Industry

OW2207134694 Beijing XINHUA in English 1307
GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—Top Chinese leaders have written inscriptions for the 30th anniversary of the establishment of the National Bureau of Oceanography—China's organ in charge of national marine affairs.

President Jiang Zemin's inscription read, "Invigorate maritime industry and enliven the economy".

Premier Li Peng wrote, "Manage well and make good use of the ocean and enliven the coastal economy".

Liu Huaqing, vice-chairman of the Central Military Commission, wrote, "Explore the secrets of the ocean and advance maritime industry".

The output value of China's marine industry increased from 6.4 billion yuan in 1978 to 90 billion yuan in 1993, Chen Bingxin, deputy director of the National Bureau of Oceanography, said at a ceremony marking the anniversary.

Li Peng Addresses Daya Bay Power Plant Reception

OW2307122994 Beijing XINHUA Domestic Service in Chinese 1400 GMT 18 Jul 94

[By Central People's Broadcasting Station reporter Tian Shanchuan (3944 1427 1557) and XINHUA reporter He Ping (0149 1627)]

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[Text] Beijing, 18 Jul (XINHUA)—During a meeting at the Great Hall of the People with Chinese and foreign personalities attending a reception marking the Daya Bay Nuclear Power Plant's completion and operation this evening, State Council Premier Li Peng said: The Daya Bay Nuclear Power Plant in Guangdong is a product of China's reform and opening up policy. Comrade Deng Xiaoping has supported and concerned himself with the plant's construction from the very beginning, and President Jiang Zemin and other central leading comrades have inspected the construction site to give guidance. The plant's completion has provided invaluable experience for construction of nuclear power plants in China. We will continue to welcome more foreign companies to participate in the country's nuclear power construction.

The Daya Bay Nuclear Power Plant's construction started in 1987. The plant has now been completed and put into operation. Its two 900,000-kw generating units went into commercial operation on 1 February and 6 May this year.

Li Peng expressed congratulations and thanks to all friends and comrades who have participated in and supported the power plant's construction. He said the Daya Bay Nuclear Power Plant crystallized the hard work and painstaking efforts of Chinese and foreign departments and personalities concerned.

Looking back on the Daya Bay Nuclear Power Plant's construction, the premier said: In building this commercial nuclear power plant, we imported advanced technology, equipment, and capital from abroad. Our cooperation with foreign partners is very good.

He said: In the course of constructing the power plant, our engineers learned from foreign companies' advanced managerial experience and carried out useful experimentation with the modern enterprise system. Meanwhile, the "safety first, quality first" principle was implemented throughout the construction. All in all, the construction proceeded smoothly and the investment was lower than the original estimate. He urged workers and staff of the Daya Bay Nuclear Power Plant to continue to implement the "safety first, quality first" principle to ensure the plant's long-term safe operation, and to raise the plant's economic efficiency, so as to more effectively guarantee power supply for Guangdong and Hong Kong's economic development.

Discussing the development of nuclear power in China, Li Peng said: As the country is rich in coal and water resources, emphasis should be placed on the development of thermal and hydroelectric power. However, nuclear power should also be appropriately developed in Guangdong and other coastal economically developed areas. The Daya Bay Nuclear Power Plant has provided some experience in this regard. He said: To further develop nuclear power in Guangdong, the China Guangdong Nuclear Power Group Company, which is jointly funded and operated by the China National Nuclear

Corporation, Guangdong Province, and the Power Industry Ministry, should promote the development of nuclear power through the Daya Bay Nuclear Power Plant's operation. He added: In constructing nuclear power plants, China will, on the one hand, use domestic funds and technologies, and on the other, welcome the cooperation of foreign entrepreneurs and friends to advance the development of nuclear power in China's modernization drive.

After the meeting, Li Peng and Chinese and foreign personalities attended the reception, which was hosted by the Guangdong Nuclear Power Joint Management Company, Ltd.

Among those who attended the meeting and reception were Zou Jiahua, State Council vice premier; Ye Xuanping, Chinese People's Political Consultative Conference National Committee vice chairman; Comrades Zhu Guangya and Gu Mu; and senior officials from relevant departments.

Also on hand were the French ambassador to China, a representative of the British Embassy in China, the Hong Kong China Power Company, and foreign contractors and experts who participated in the Daya Bay Nuclear Power Plant's construction.

Bo Yibo Congratulates Industrial Administration Seminar

OW2507005494 Beijing XINHUA Domestic Service in Chinese 0729 GMT 19 Jul 94

[By reporter Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 19 Jul (XINHUA)—A two-day high-level seminar on strengthening and improving industrial administration and trade associations ended in Beijing today.

Participants of the seminar pointed out: In establishing a socialist market economy, we should reform the existing industrial administrative system accordingly and change the supervision by government departments to supervision by industries. Instead of applying mostly administrative orders to directly supervise affiliated enterprises, a government department should make overall plans and arrangements for coordinating the development of the whole industry.

The seminar was cosponsored by the State Planning Commission, the State Economic and Trade Commission [SETC], the State Economic Restructuring Commission, the Industrial Economy Society, and JINGJI RIBAO. Comrade Bo Yibo sent a letter of congratulations to the seminar, urging its participants to conduct in-depth discussion of issues and make positive contributions to establishing an industrial administrative system with Chinese characteristics and to giving better play to trade associations' role.

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Wang Zhongyu, minister in charge of the SETC, chaired and spoke at the seminar. He said: While establishing a socialist market economic structure, changing the functions of the government, and separating government administration from enterprise management, we should give priority to strengthening industrial administration and giving play to the role of trade associations and other intermediate organizations. We should conscientiously study and explore ways for expediting reform and accumulating experience. The SETC will, in accordance with its functions, step up contacts with various trade associations and actively carry out the work in this regard.

Lu Dong, Industrial Economy Society president, delivered the keynote speech, entitled "Strengthen Industrial Administration, Give Play to Trade Associations' Role." Discussing ways for exercising effective industrial administration, he said: Industrial administration should be exercised mainly at three levels: First, at the government level. It is at this level that economic development strategies and plans and industrial and technological policies are to be formulated. Second, at the intermediate level. Trade associations and other intermediate organizations will serve as a bridge between the government and enterprises; and at the same time, they will draw up trade rules and regulations, organize trade inspections and evaluations, and guide and assist enterprises' development. Third, at the enterprise level. Herein lies the ultimate goal of industrial administration. A scientific and effective industrial administration is essential for enterprises' development. As far as enterprises are concerned, they should strive to develop themselves at a pace commensurate with the goal of industrial development. Meanwhile, they should carry out subjective activities and demonstrate managerial expertise so that industrial administration can be founded on a dynamic microeconomy.

Lu Dong said: We should change as soon as possible the situation in which the transformation of government functions lags behind institutional reform. We should separate and change government functions and streamline organizations, delegating matters that either "should not be or are not appropriate for administration by the government" to trade associations. The government should exercise industrial administration through trade associations so they can gradually become the mainstay of industrial administration. This should be the direction of the reform of the industrial administrative system.

Li Tieying Views Establishing Modern Enterprise System

OW2307055094 Beijing XINHUA Domestic Service in Chinese 1115 GMT 18 Jul 94

[By reporter Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 18 Jul (XINHUA)—Li Tieying, state councillor and minister in charge of the State Commission for Restructuring the Economic System, pointed out

at the opening of a senior international symposium on modern enterprise system today that the aim to establish a modern enterprise system is to find a microeconomic form in which public ownership and market economy can be organically merged, and also to find an enterprise organization system under which state-owned economies can perform efficiently under conditions of market economy. He said this task has everything to do with whether a foundation can be built for a characteristically Chinese socialist market economic system.

Over 150 experts, scholars, and entrepreneurs from United Nations organizations, the United States, Britain, France, Italy, Japan and China are attending this international symposium, which is sponsored by the State Commission for Restructuring the Economic System. Vice Commission Chairman Hong Hu gave a report entitled, "Build a Modern Enterprise System Compatible With Requirements for the Socialist Market Economy."

Expounding the guiding thought for finding ways and means for building a modern enterprise system, Li Tieying said: We should proceed from the actual situation of Chinese enterprises, learn from other countries and assimilate their useful experiences, and bring forth new ideas while inheriting what we have nearby. Since China's economic development is uneven and differences between regions, trades, and enterprises are quite substantial, there will be multiple organizational forms of modern enterprises, instead of only one form. Enterprises are the main force of reform, and the organization of modern enterprises will count primarily on enterprises and entrepreneurs to emancipate their minds, to make active exploratory efforts, and innovate with daring while doing their work.

Li Tieying pointed out: We should proceed with building a modern enterprise system in three major respects. First, we must deal with enterprises' real problems and build the foundation for a modern enterprise system. This includes rationally settling state-operated enterprises' debts; placing surplus personnel; reducing enterprises' excessive burdens in supporting social services, pensions and medical expenses; and building workers' housing. Second, we must set up a basic framework for the modern enterprise system. This includes improving the system governing enterprises' corporate status; determining the main investors of enterprises; establishing the organizational form of enterprises' assets; setting up scientific and standard organizational management organs within enterprises; reforming enterprises' labor, personnel, and wage systems; improving enterprises' financial and accounting systems; giving play to party organizations' role as the political cores of enterprises; and improving trade union operations and workers' democratic management. Third, we must have supporting reform measures for establishing a modern enterprise system. This includes expediting the change of government functions and organizational reform; establishing an efficient economic management system and a

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system of managing state-owned property; speeding up the construction of the market system; and speeding up the establishment of a social insurance system.

Li Tieying stressed: Building a modern enterprise system under which enterprises can become independent corporate organizations and the main competitors in the market is an unprecedented and complex system engineering project, and a formidable task confronting China's enterprise reform. He expressed the belief that a new way to establish a modern enterprise system will be found through experimentation, and that a modern enterprise system dominated by public ownership will be established through exerting protracted efforts.

Chen Junsheng Speaks at Symposium on Aiding Poor Areas

OW2307194494 Beijing XINHUA Domestic Service in Chinese 0733 GMT 14 Jul 94

[By RENMIN RIBAO reporter Xia Jun (1115 8823) and XINHUA reporter Lin Hongmei (2651 4767 2734)]

[Text] Beijing, 14 Jul (XINHUA)—A symposium on economic development in China's central and western regions opened in Beijing today. State Councillor Chen Junsheng spoke at the meeting. He said: The question of economic development in China's central and western regions has touched off widespread attention by people in various places. Our policy is to further deepen reform and open wider in those regions based on the principle of a market economy, to promote mutual assistance between the eastern and western parts of the country, and to seek cooperation on a mutually beneficial basis with other places at home and abroad.

China's central and western regions include the south central, southwestern, and northwestern regions, which include nearly two-thirds of the territory and population of the whole country and various kinds of material and human resources. The entire region is a market with immense potential. However, economic development in the central western regions is lagging behind other places, and the gap between those regions and China's eastern region is becoming wider and wider. The 80 million poor people of our country also mainly live in those regions. Chen Junsheng said: How to correctly guide the shift of funds, advanced technologies, and managerial experience from China's eastern region and abroad to the central and western regions so as to accelerate the course of development in the central and western regions is an urgent issue. In February, the state formulated and promulgated the "eight-seven key project to help poor areas," namely using the seven years from now to the year 2000 to help in a steady manner the 80 million people who still have not solved the problem of food and clothing to get rid of poverty. After the implementation of the project, it means that our country will bid farewell to the history of absolute poverty [jue dui pin kun 4815 1417 302 0938] and embark on the road of leading a comparatively comfortable life. To realize this plan, it

will rely on state attention and support and the hard-working spirit of the local people. In addition, it also requires vigorous support from warmhearted people at home and abroad. We hope that more and more people will take part in this historical project of changing the situation in those regions.

More than 60 experts, scholars, and entrepreneurs from Taiwan, Hong Kong, Southeast Asia, and China attended the symposium. Wei E, chairman of Taiwan's nongovernment academic research organization—the Asian and World Association—from Taipei [Taipei] delivered an opening speech. The symposium will last for two days. The participants will discuss ways of developing the economy, culture, talents, natural resources, ecology, and the environment in different regions and cooperation and exchanges between different regions on a mutually beneficial basis. They will later inspect poor areas in Henan and Shaanxi Provinces.

The symposium is sponsored jointly by the China Fund for Helping Poor Areas, the Chinese Academy of Social Sciences, and the Asia and World Association.

Views Poverty Relief Efforts

OW2407084194 Beijing XINHUA Domestic Service in Chinese 1219 GMT 18 Jul 94

[By reporter Jiao Ran (3542 3544)]

[Text] Beijing, 18 Jul (XINHUA)—The State Council held an aid-the-poor work meeting of central party and government organs at Zhongnanhai this afternoon. Delegates to the meeting summed up and shared the basic experiences gained in recent years by central party and government organs in aiding the poor, commended and awarded advanced units in poverty relief efforts, and made unified arrangements for enlisting central party and government organs, as well as people in all circles, in aiding the poor. Li Peng, premier of the State Council, wrote an inscription for the meeting, which reads: "Central party and government organs have done plenty of work in helping the poor, have made contributions to this effort, and have helped advance the 'State Plan for Helping 80 Million People Overcome Poverty Over the Next Seven Years.' It is hoped that everybody will continue to devote even greater efforts to aiding the poor."

At the meeting, Chen Junsheng, state councillor and head of the State Council's Leading Group for the Economic Development of Impoverished Areas, delivered an important speech on behalf of the State Council.

Chen Junsheng said: Thoroughly solving the problem of feeding and clothing the people in poverty-stricken areas has always been the principle and policy of the CPC Central Committee and the State Council. To quicken this process, the CPC Central Committee and the State Council have adopted relevant special measures since the mid-1980's to launch a large-scale program aimed at helping poverty-ridden areas develop in a planned and

well-organized manner across the nation. After several years' efforts, the number of poor people who have yet to be fed and clothed regularly has decreased to 80 million. This represents a tremendous historic achievement.

With the "State Plan for Helping 80 Million People Overcome Poverty Over the Next Seven Years" as its basis and hallmark, China's drive for assisting in the development of poverty-stricken areas is moving into a new historic stage. This historic stage is even more important for the direct involvement of central party and government organs in aiding the development and construction of poverty-ridden areas.

First, poverty relief efforts are important steps and concrete measures for attaining the socialist goal of eliminating poverty and promoting common prosperity. Comrade Deng Xiaoping has repeatedly emphasized that "poverty does not mean socialism." He also said that "common prosperity is the greatest strength of socialism; it is the embodiment of the essence of socialism." Solving the problem of feeding and clothing the remaining 80 million people by the turn of the century will represent China's completion of its historical task of eliminating abject poverty, and will launch the Chinese people on the path toward a fairly comfortable standard of living as a step toward common prosperity for the entire nation.

Second, poverty relief efforts will contribute to social stability and unity, as well as to China's reform, development, and long-term peace and stability. Speaking at the national work conference on aiding the poor, Jiang Zemin, general secretary of the CPC Central Committee, said: "Different areas have developed at different paces, with some moving slightly faster than others and some proceeding a bit more slowly than others; this is inevitable. However, we must pay attention to economic development in poverty-stricken areas throughout the entire process. Chronic poverty in those areas will affect the realization of the goal of socialist modernization as well as national stability."

Third, by aiding the poor, central party and government functionaries will gain a full understanding of China's situation and find out about popular sentiment. They will provide more guidance and assistance for poverty-ridden areas, which will lead to coordinated development of work in all sectors and departments across the nation. During the national work conference on aiding the poor, Premier Li Peng urged "leading comrades at all levels to keep in mind the well-being of people in poverty-stricken areas instead of just focusing on developed regions."

Fourth, by aiding the poor, party and government organs will improve their practice, cement the party and government's flesh-and-blood ties with the people, eliminate corrupt practices, and promote honest and diligent conduct.

Fifth, sending cadres to selected grass-roots units in poverty-ridden areas will be highly instrumental in

training cadres, cultivating qualified personnel, and improving the quality of leading party and government functionaries.

Chen Junsheng said: Since 1987, the State Council has held many meetings during which it called on central party and government organs to demonstrate the spirit of aiding the poor, to make due contributions to helping poverty-stricken areas develop, and to set an example for all sectors of society. In recent years, many departments and units have made important contributions in this regard, by taking prompt actions, carrying out extensive mobilization efforts, seriously implementing relevant instructions, and taking active measures in accordance with the State Council's unified demands.

The number of central party and government departments and units in charge of specific poverty-ridden areas now totals 81. According to incomplete statistics, 54 departments under the State Council alone were put in charge of specific poverty-stricken areas in 1993. They brought in more than 500 million yuan and 609 economic cooperation projects, aided 895 conversion and expansion projects, brought in 636 technical and managerial personnel, held 733 training classes, helped train more than 70,000 professional and technical personnel, and entrusted colleges and universities to enroll more than 200 students from specific areas. As a matter of fact, the contributions of central party and government organs to China's achievements in aiding the poor in recent years cannot be denied.

Chen Junsheng noted: During the period from now until the turn of the century, when the "State Plan for Helping 80 Million People Overcome Poverty Over the Next Seven Years" is implemented, the basic goal and major task of central party and government organs in helping poverty-stricken areas develop is to send cadres and aid-the-poor groups (teams) to specific poverty-stricken counties to help local party committees and governments implement the "State Plan for Helping 80 Million People Overcome Poverty Over the Next Seven Years," and to keep the people fed and clothed regularly. To achieve this goal and accomplish this task, we must draw on the basic experiences gained by central party and government organs in helping poverty-ridden areas develop over the past seven or eight years.

Chen Junsheng laid out the following demands for further promoting poverty relief efforts by central party and government organs:

1. To help counties fight poverty. All departments, enterprises, and institutions under central party and government organs which employ 100 or more workers and staff members and possess the right conditions should be put in charge of helping specific poverty-stricken areas. The areas for which they are responsible should be 592 major poverty-ridden counties designated by the state.

2. To send cadres in aid-the-poor groups (teams) to selected grass-roots units in impoverished counties. All

units should select cadres who are in the prime of their lives, and organize them into aid-the-poor groups (teams). Each county will have three cadres, one of whom will serve as deputy secretary of the county party committee or deputy county magistrate. The solution of the problem of feeding and clothing people in poverty-stricken areas thus helped should be used as a concrete criterion for judging poverty relief efforts based on the assignment of responsibility for specific poverty-stricken areas. Periodic inspections and strict evaluations should be conducted. Cadres sent to selected grass-roots units will stay there until they solve the problem of feeding and clothing the people.

3. To urge all departments and units to provide stronger leadership over poverty relief efforts carried out by central party and government organs. The Work Committee for Party Organs and the Work Committee for Government Organs under the CPC Central Committee will organize, coordinate, inspect, and carry out poverty relief programs in conjunction with the Leading Group for the Economic Development of Impoverished Areas. They will sum up and share experiences in order to improve their performance and seek tangible results.

Chen Junsheng said: Jiang Zemin, general secretary of the CPC Central Committee, and Premier Li Peng are very concerned about poverty relief efforts and the production and livelihoods of people in areas stricken by poverty and disaster. During an informal discussion on 3 March with delegates to the national work conference on aiding the poor, Jiang Zemin, general secretary of the CPC Central Committee, noted: People in large- and medium-sized cities and those in economically developed areas have plenty of clothes and blankets, while those in some poverty-stricken areas cannot withstand the cold because they do not have enough clothes and blankets. He expressed the hope that party and government functionaries and urban residents would demonstrate the spirit of fraternal unity and mutual aid and donate clothing and blankets to poverty-ridden areas before the advent of this year's winter. He also asked the State Council to organize people to carry out this task. Vice Premier Zhu Rongji also expressed his support for this task. The instructions given by Jiang Zemin and other leading central comrades reflect the deep concern of the CPC Central Committee and the State Council for the well-being of people in poverty-stricken areas. The State Council has instructed the departments concerned to draw up concrete plans for donating clothes and blankets. It is our hope that central party and government organs will take the initiative in organizing work in this respect.

In accordance with a decision by the State Council Leading Group for the Economic Development of Impoverished Areas, and with the approval of leading comrades at the State Council, the meeting commended and awarded 10 units which had made remarkable contributions to aiding the poor. They are the State Science and Technology Commission, the Civil Affairs

Ministry, the Chemical Industry Ministry, the Agriculture Ministry, the Forestry Ministry, the Internal Trade Ministry, the Chinese Academy of Sciences, the Agricultural Bank of China, the China National Petrochemical Corporation, and the Communist Youth League Central Committee.

Article Stresses Fighting Inflation as Top Priority

HK2507063694 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1120 GMT 22 Jul 94

["Special article" by correspondent Zhong Min (6988 2404): "Mainland's Top Priority for Next Six Month Is To Curb Inflation"]

[Text] Inflation in mainland China in the first half year remained high and became the greatest constraint on high-speed economic growth. Figures from the State Statistics Bureau show the national retail price index in the first half year was up 19.8 percentage from the same period last year, of which the consumer goods price index in 35 big cities was 22.7 percent. The two figures, though lower than those of the first quarter, are still within the "inflation passage" band which is not far from "vicious-cycle inflation." High-level government officials, therefore, have decided that curbing inflation is this year's top priority.

There are many causes of inflation in the mainland, chief of which has been the rapid increase in fixed-assets investment and excessive monetary supply. In 1993, the government earmarked about 1,000 billion yuan for fixed-assets investment, only to see it exceed 2,000 billion yuan as a result of construction projects mounted by localities across the country. The authorities later scaled down credit and halted a large number of projects, but year-end statistics still returned a figure of more than 1,100 billion yuan of fixed-assets investment and showed a huge number of projects pending screening and processing. In 1994, the government calculated that fixed-assets investment could be controlled within 1,300 billion yuan and loans for fixed-assets investment within 190.8 billion yuan, but it is generally expected that the year-end figures will exceed these to reach 1,500 billion and 200 billion yuan.

The State Statistics Bureau revealed that although the violent increase in mainland investment growth in the first half of the year has been brought under control, fixed-assets investment still managed to jump 25.2 percent from the same period last year to 450.5 billion yuan, and the rate of increase would probably have been much higher if the government had not slashed 22 new projects in a bid to curb infrastructure investment.

At present, a prominent problem is that provincial, city, and county governments in mainland China have a common mentality, and are fond of competing with each other in terms of the quantity of new and large-scale projects launched and in terms of growth rate, but they

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are ignorant of inflation arising from this and the public's capacity to withstand inflation. For example, although more than 300 key projects failed to be initiated in the country in the first half of this year because of a shortage of funds, local governments still submitted applications to start some 160 additional major projects and asked for loans in this connection. Many localities have been rushing to build airports, ports, expressways, power plants, and telecommunication facilities, asking banks to grant more loans and making every effort to break the limits set by the central authorities.

In face of all the many pressing demands for loans, Vice Premier Zhu Rongji, who is in charge of finance and economic affairs, recently reiterated the retrenchment policy that has been pursued since the latter half of last year—the two “gates” of credit and money circulation control will be strictly guarded, great efforts will be made to withdraw currency from circulation, and action will be taken to monitor and curb the practices of illegally raising commodity prices and seeking staggering profits. Zhu pointed out that “price hikes have a bearing on popular support for the government and social stability as well,” therefore, commodity prices must definitely be kept down and inflation curbed.

It is reported that mainland's China central bank, the People's Bank, submitted a research report to the government in mid July. The report noted that although there is a strong demand for money supply across the country this year, it is still necessary to maintain a relatively tight money supply policy, with broad money supply growth kept to around 24 percent and the increase in the aggregate amount of loans kept below 20 percent. The report said that given the relatively tight money supply policy, if one wants to pursue reform, maintain the momentum of development, and lower the commodity price level, relying on the practice of controlling the aggregate money supply alone is far from enough, and other manipulatory means are still necessary, such as refinancing and open market operations, so that the circulation of currency can be accelerated.

Bank of China Chairman Wang Qiren also pointed out days ago that keeping inflation down is still the top priority in financial work at present. The State Council's new credit policy is to be implemented in the latter half of this year. All branches of the Bank of China must strictly implement the annual credit extension plan and quarterly monitoring and control targets without arbitrarily breaking set limits; loans to finance investments in fixed assets must be kept under strict control, and no extra loans must be granted beyond the credit quota; no loans should be granted to finance projects which are supposed to be run with self-raised funds; applications for loans to be used as circulating funds by enterprises must be examined according to the recently revised policies and principles, and specific cases should be considered separately under specific guidance; measures must be taken to strictly control the extension of loans to enterprises which are earning foreign exchange at high

cost and those using loans to purchase goods at unreasonably high prices; and no circulating funds should be granted as loans to finance investment in fixed assets.

The Chinese higher authorities have decided that the task of top priority for the latter half of this year is to fight inflation. In principle, no approval will be given to start new projects, investment in fixed assets will be kept under strict control, and every effort will be made to curb price hikes and keep the inflation rate down to around 10 percent.

Official Comments on Enforcing Copyright Protection

HK2207142894 Beijing XINHUA Domestic Service in Chinese 2132 GMT 20 Jul 94

[Report on interview with State Copyright Administration Director Yu Youxian by unidentified XINHUA reporter; place and date not given]

[Text] Beijing, 21 Jul (XINHUA)—In order to punish the crime of copyright infringement and protect copyright-related rights and interests, the 8th Meeting of the 8th National People's Congress [NPC] Standing Committee adopted on 6 July the Decision of the NPC Standing Committee on Punishing Crimes of Copyright Infringement and added six supplementary regulations to our penal code. This is a significant improvement in our copyright protection legislation. Director Yu Youxian of the State Copyright Administration answered our staff reporter's questions with regard to this.

[XINHUA] The Decision of the NPC Standing Committee on Punishing Copyright Infringement Crimes has been adopted by the 8th Meeting of the 8th NPC Standing Committee, can you tell us about the significance of this decision to our cause of copyright protection?

[Yu] The Copyright Law has been implemented for more than three years, during which we have achieved, by judicial and administrative means, remarkable results in cracking down on copyright infringements and safeguarding the legitimate rights and interests of copyright holders. However, since the Copyright Law has only defined civil and administrative liability without specifying criminal punishment, the fight against copyright infringements is still not being conducted in full swing. Copyright is not simply a civil right since serious infringements can also be harmful to public interests and society. At present, the reproduction of books, audio and video tapes, films, and computer software carried out by some lawless elements who are reaping exorbitant profits is very rampant, which not only severely infringes on the civil rights of the authors and propagators of the works, but also disrupts the normal order of the cultural market and economic activities. Since our country has joined the international copyright agreement, the rampancy of copyright infringement and plagiarism is affecting our

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foreign trade and our external scientific and cultural exchanges and cooperation, and also damages our reputation. In order to safeguard social and public interests and our national reputation, serious copyright infringements must be sternly punished. The copyright laws in many countries have specific provisions of criminal punishments against copyright infringements, and they tend to mete out more severe punishments to violators. According to the GATT Agreement on Trade-Related Intellectual Property Rights, member countries are required to specify criminal punishments for copyright infringements in their domestic laws.

The decision adopted by the NPC Standing Committee meets international and domestic requirements to enhance the protection of intellectual property rights. It will definitely strengthen deterrence against copyright infringement crimes and will become a powerful weapon to punish them, which has a very important bearing on intensifying the fight against plagiarism, safeguarding the normal order of our socialist cultural market and economy, performing our international duties, and linking up with international pacts on intellectual property rights protection.

[XINHUA] According to the Copyright Law, organs responsible for copyright administration are empowered to enforce disciplinary sanctions against serious copyright infringements. With the promulgation of the decision, criminal punishments applicable to copyright infringements have been specified; is it still necessary to enforce disciplinary sanctions?

[Yu] Criminal punishment applicable to copyright infringements and the enforcement of disciplinary sanctions over severe copyright infringements are not in conflict with each other, and criminal punishments are not supposed to replace disciplinary sanctions.

Criminal punishments are founded on the Decision on Punishing Crimes of Copyright Infringement, that is, crimes constituted by copyright infringements, whereas disciplinary sanctions are founded on Article 46 of the Copyright Law. Articles One and Two of the Decision are identical to some clauses in Article 46 of the Copyright Law in content, but they are very different in terms of the amount of illicit gains and the degree of seriousness of the copyright infringement cases.

Disciplinary sanctions are enforced by organs responsible for copyright administration. As long as copyright holders or other people report cases and furnish essential proof to the authorities, organs responsible for copyright administration can accept and hear these cases. They can also take the initiative in investigating and handling cases. Punishments such as the confiscation of illicit gains and penalties can be meted out after investigation and verification. Those who have gained huge or relatively large amounts of illicit money and whose cases are so serious as to constitute crimes will be transferred to procuratorial organs to investigate and affix criminal responsibility. For cases placed on file by procuratorial

organs for investigation which cannot be convicted even after investigation, disciplinary sanctions can also be enforced by those organs responsible for copyright administration.

[XINHUA] What action has been taken by the State Copyright Administration to deal with the current rampant situation of reproducing compact discs and books in some localities?

[Yu] At present, the phenomena of reproducing audio-visual products (compact discs in particular), books, films, and computer software are quite serious in some localities. Under the State Council's leadership, the State Copyright Administration and other relevant departments have taken and will continue to take a number of steps.

First, resolute action has been taken to investigate and handle the reproduction of audio-visual products. In view of the excessive growth of production lines producing compact discs and serious copyright infringement phenomena, seven ministries and commissions, including the State Copyright Administration, the CPC Central Committee's Propaganda Department, the State Press and Publication Administration, the State Planning Commission, and the Ministry of Foreign Trade and Economic Cooperation, jointly issued an urgent notice on strengthening the control over the production of compact discs and laser discs last April. On this basis, action has been taken to clear up existing production lines. In a dozen provinces and municipalities, including Guangdong, Shanghai, Beijing, Hunan, Hubei, Jiangsu, and Fujian, several thousand people have taken action to make sudden examinations of the audio-visual market and have confiscated over 200,000 compact discs, nearly 3,000 laser discs, and more than 100,000 audio and video tapes. Action has also been taken to check book markets in Beijing and some other localities. We will continue to check the audio-visual markets as well as the book and computer software markets on a national scale.

Second, disciplinary sanctions have been meted out for a series of copyright infringements. According to incomplete statistics, disciplinary sanctions have been taken more than 150 times since the Copyright Law began to be implemented three years ago. The State Copyright Administration has investigated and handled cases where nine handicraft factories and foreign trade companies in Fujian and Guangdong reproduced and sold foreign companies' toy-making molds, and disciplinary sanctions were meted out to the factories and companies involved. Moreover, an electronics company in Jiangsu reproducing compact discs was also punished. At present, further action is being taken to enhance the strength and law-enforcement powers of the State Copyright Administration and local copyright administrative organs. Copyright administrative organs, together with industry and commerce; public security; radio, film, and television; and culture administrative organs will form a joint law-enforcement group to fight against, within a

certain period, key fields and localities experiencing serious copyright infringements. The General Administration of Customs will lay down border measures and regulations to strengthen controls over the import and export of plagiarized products.

Third, propaganda activities will be organized. We will utilize the mass media, including the press, radio, and television, to vigorously propagate the Copyright Law. Moreover, we will expose typical cases which have been investigated and handled and where punishments have been meted out according to the law to illustrate the law. In brief, we will try to improve the people's awareness of copyrights by propagating both positive and negative materials.

We believe that plagiarism and other serious copyright infringements will definitely be brought under control by judicial and administrative means and by improving copyright holders' awareness of self-protection, as well as public awareness about copyrights.

[XINHUA] What should all relevant parties do to conscientiously implement the decision on punishing copyright infringement crimes?

[Yu] In my view, we must first organize study work and propaganda well. Apart from positive propaganda, the news media must also brief the people on and analyze cases tried in light of the decision so that the broad masses, particularly creators and users of the works, can understand that anyone with a profit-seeking motive who constantly uses others' work without authorization to make huge amounts of illicit money is tantamount to committing a crime and will be subjected to criminal punishment. Besides, it is hoped that the broad masses, particularly copyright holders, will know how to safeguard their own legitimate rights and interests and inform against copyright infringements, that those who intend to infringe others' copyright will shrink back for fear of legal punishment, and that criminals will never win through circumstances.

Law-enforcement and judicial organs must abide by and strictly enforce the law so that criminals will not be able to escape the net of justice. Copyright administrative organs will vigorously cooperate with procuratorial and judicial organs to help them effectively punish a number of criminals; halt plagiarism and other serious copyright infringements as quickly as possible; safeguard authors' legitimate rights and interests; guard the legal sanctity of the decision; foster the creation and dissemination of cultural, artistic, and scientific works; give impetus to the building of socialist ethical progress; and promote economic, scientific, and cultural exchanges and cooperation with the outside world.

Finance Minister Interviewed on Economy

HK2407075494 Hong Kong SOUTH CHINA SUNDAY MORNING POST (SUNDAY MONEY) in English
24 Jul 94 p 2

["Exclusive" interview with Minister of Finance Liu Zhongli by Peter Seidlitz, China correspondent for the

German financial and business daily HANDELSBLATT, in Beijing; date not given: "Outlook Bright as Reforms Give New Confidence"]

[Text] Seidlitz: Are Western analysts in Hong Kong correct in their predictions of a soft landing?

Liu: If your car runs too fast and you have no brake, you will crash. We have put the foot on the brake slowly. Growth rate for the first half of this year has come down from 13.4 to 11.6 per cent. This is still higher than our target.

But look at the investment figures: in the first half of 1993, fixed investment grew at over 70 per cent. That slowed down to 53 per cent at the end of 1994 and stands now at 36 per cent. That is still too high for my liking. Inflation stood at over 20 per cent in January but has come down since. In May, inflation decreased a bit. In June, it increased by one per cent because of grain price raises. But in July it will drop further.

We are becoming confident in our outlook for the second part of the year, as most of the major reforms were put in place in the first half. These were not easy reforms. Just look at the grain prices, which affect everybody. But nevertheless we managed. The grain price reform was passed in June, the market has been stable and the macro-controls will be easier for the second part of this year.

Won't you have to increase interest rates again in the second part of 1994?

Interest rates are lower than inflation. How do we solve this problem? For medium- and long-term deposits we will keep the (current) interest rate. Because, if we are increasing the interest rates for deposits, credits will be more expensive, which will hurt our enterprises. I think the interest rate is about right and people are showing confidence in our measures to control inflation. The Chinese population has deposited 310 billion yuan (about HK\$272 billion) in the first half of the year. That is double the amount compared to last year's first six months.

But one can argue that there is still too much money around and that you are not making good use of the idle funds in the banks.

As deposits have increased, the pressure on us in the Ministry of Finance to issue more money has been greatly alleviated. This is actually a favourable development.

But you still have the problem of high inflation and excessive consumer spending through salaries which are getting higher by the month.

Inflation stems from the increase in investment and demand. If we control investment, we control consumer demand. Most of the extra money is being deposited anyhow. Of course, price reforms this year for raw

material like coal and fuels have added to inflation. And, of course, (so have) the salary increases.

Why not stop the circle and put a lid on salaries?

Here we have a problem. Salaries should have been frozen last year. We discussed that at the beginning of last year. However, the people had expectations that their salaries would be increased. We could not disappoint them. Living standards would have dropped if we did not offer compensation. Furthermore, public servants have very low salaries. So we have the situation that, if prices rise, salaries (follow). This policy sounds contradictory, but we do not see another way.

Will central government act on the stock markets as you have acted already on the futures markets and closed operations in metal and oil trading in Shanghai? Are you worried about the decline of stocks?

We do not intend to close down stock markets. As for the futures markets, we will neither close down the current ones nor advocate more. We are just going through a phase of rectification. But transactions are not done properly (as outlined by Beijing). People just do not have enough knowledge. So some big shots suffered losses. In trading with foreign companies some Chinese lost money as well. I do not want to call it cheating. The knowledge we have here in China in financial dealings is limited and people have very little practical experience. Therefore, we have to go slowly.

You learn in a very expensive way. Chinese traders are responsible for huge losses in metal trading, for instance copper. That must have cost the Minister of Finance millions of U.S. dollars.

Yes, we are upset about that. They (the traders) only seem to become experienced through suffering. I hope that teaches them a lesson.

Are you going to shoot the traders responsible?

No it is not a case of bribery.

There is some criticism directed against your ministry as well. You took out mainly Japanese yen loans and now sit on loans which are terribly expensive because of the rise of the Japanese currency.

The stories are exaggerated. When China opened up, the Japanese entered the market very early. Therefore we have a lot of yen loans on our books. At that time the rate between the yen and the U.S. dollar was 250 to one. We use U.S. dollars for settlement because of the appreciation of the yen. Of course, many Chinese companies now have a greater burden. But to be fair you must realise that we adjusted our debt structure very early.

You have not asked the Japanese for debt postponement or rescheduling?

No. We pay back our debts as scheduled.

Will you avoid the Japanese capital markets next time around?

We shall take out multi-currency credits. As the Deutschmark is also appreciating against the U.S. dollar, we are faced with the same problem in Frankfurt.

How high are reserves?

They currently stand at U.S.\$30.6 billion, with the debt at \$85 billion.

Zhu Rongji is still chairman of the central bank on top of all the other work he is doing. Can't you find a capable financial expert to take over the central bank?

I have not heard of any personnel change.

Would you be interested in this job?

It does not depend on my personal interest. In fact, I have the biggest headache as the financial minister, which I hate to be. But I was appointed anyway. I asked many people who had been financial ministers—like George Shultz, who was American Secretary of the Treasury before becoming Secretary of State. He is now chairman of the International Council of J. P. Morgan. He said without hesitation the same thing I can say now: that the minister of finance job is the most difficult one for anybody.

I asked Premier Li Peng in an interview the other day if China should not have a seat at the table of G7 (Group of Seven) like the Russians. He said China does not belong to the club of the rich. But would it not be good for you as minister of finance of the new economic superpower to talk with your Western colleagues about currency and trade questions at G7?

I have no idea of how our premier thinks about this matter. If he is moving on this subject, he will surely ask us to study this question. I think it is only after the yuan has become freely convertible that China can have a say in currency issues.

When will this be: in three years, five years?

It is hard to give you a timetable. It depends on how well we manage our financial reform. If we do not have the managerial standard, it is no good moving toward full convertibility of the yuan.

Many foreign companies are squeezed in China, as they cannot get foreign currency or yuan credits. How can they expand business if they have no access to credits? You seem to be centralising foreign exchange transactions here in Beijing again, meaning you are going backwards.

Compared to state-run enterprises, foreign-funded firms can get credits more easily. That is to say, after the unification of the two kinds of rates between the yuan and the U.S. dollar, it is stipulated that all state-run enterprises must settle their foreign currency debts completely, and they can purchase foreign currencies in time of need.

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In order to keep the continuity of the operations of foreign-funded enterprises, the former policy is still applicable to them. That is to say, they can keep their foreign currency accounts in the banks if they do not want to settle their foreign currency debts, and they can buy on the foreign exchange swap market in times of need.

There have been no changes in this policy. As for the inadequacy of their foreign currency, I think that is because their products are sold inside China rather than exported and so they have got a lot of yuan. In that case, it is impossible for them to change their yuan into foreign currencies, because it is stipulated in their contracts what percentage of their products can be sold in China and what percentage must be exported so as to achieve a balance in their foreign exchange.

If you sell all your products in China and ask for foreign currencies, that is like importing consumer goods.

That is a step toward more centralisation.

It is not a step back. Before we changed the policy part, the money (foreign currency) was parked outside China (by Chinese companies). Now we have clear records.

The state can sell foreign exchange to companies so long as their application for imports is reasonable. This has solved the problem of foreign exchange evasion. Imports are now automatically registered. Our controls are not so strict. We do not mean to approve each foreign exchange deal. (the companies) can still have their own settlement mechanisms.

If you mention money parked outside China, could you tell me how successful your strategy of maintaining social and economic stability has been and if we should have any fears of upheavals later in the year or in 1995?

We have tackled all the major reforms in the first half of the year. Even the enormous price hikes for local crude oil and grain—which went up 40 per cent—have been absorbed. And we had the tax reform which affected millions of people.

The Chinese people accepted the tax reform. It has not affected economic growth nor stimulated further inflation. The reform of foreign exchange has increased the cost for imports by enterprises, but this has also been absorbed.

So I have every reason to believe that in the second part of the year things will become stable. People are not feeling nervous anymore, but safer. They expect a better economy and show their trust as they deposit their money in the banks.

You sound like you have no worries.

Look, I am not saying that. We constantly encounter new problems. The tax system has worked in the first half year. Will there be problems in the second part of year? Also, the disasters in South China are very serious this

year. The Yangtze, the Yellow River (and) the Haihe River are all causing enormous damage. We have worries that this disaster will have negative effects on our agricultural production.

Further on Official Push To Help State Enterprises

HK2307071694 Beijing CHINA DAILY in English
22 Jul 94 p 1

[By Sun Shangwu: "Officials: Help State Firms Out of the Red"]

[Text] Two Chinese officials have urged governments at all levels to help loss making State enterprises improve their efficiency.

They should be turned into profitable firms because this is of vital importance to the country's development, reform and stability, said Vice Premier Zou Jiahua at a national meeting in Beijing yesterday.

"The reforms of State-owned enterprises have been implemented smoothly in the first half of this year and the general economic situation is satisfactory," said Zou at the three day conference aimed at helping loss-making State firms.

Wang Zhongyu, Minister of the State Economic and Trade Commission, said that the profits earned by State firms have increased markedly since April and the percentage of inefficient enterprises has fallen.

The first quarter this year saw 49.6 percent of State-run firms in the red, but the ratio dropped to 46.3 percent in the second quarter.

"We should neither exaggerate the problems faced by State firms, nor make light of them," Zou said.

The factors which caused State enterprises to lose money include managerial problems, lack of development funds, out-dated technology and high production costs.

Zou also blamed poor economic performance on firms' excessive social burdens.

Many State firms are required to set up schools, hospitals and shops for their employees, which drain their capital resources and efficiency.

But State enterprises adopted a new accounting system a year ago in a drive towards a market economy.

Zou explained that the new system stipulates that State firms must include the employees' bonuses in their production costs, they are allowed to raise the depreciation rates of their equipment and spend more on technological renovation.

These new measures will give firms greater autonomy in the long-run, but they may cut into companies's short term profits.

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Zou dismissed suggestions that it is impossible to revitalize State firms and urged officials at all levels to pay more attentions to help State firms get out of current predicaments.

Wang Zhongyu said that the government's priority this year is to improve the economic efficiency of State-owned enterprises.

The ratio of loss-making State enterprises should be reduced by another 5 percent and their deficit volume should be cut by at least 20 percent.

The two officials also stressed that the enterprises should rely on themselves and not wait for preferential policies from the government.

State-owned firms must strengthen their management, bolster technological renovation and adjust production structures based on market demands.

Local officials are being encouraged to promote talented staff and let them take over the management of the State firms

Doubts Expressed Over Zhu Rongji Inflation Policy

HK2307064094 Hong Kong SOUTH CHINA MORNING POST in English 23 Jul 94 p 8

[By Willy Wo-lap Lam]

[Text] Economists and Chinese-run news agencies have expressed doubts about the success of Vice-Premier Zhu Rongji's anti-inflation policy. This is despite the apparent success with which the economic tsar has imposed a strict economic policy over the regions and enterprises.

In a dispatch last night, the semi-official Hong Kong China News Agency (HKCNA) [ZHONGGUO TONGXUN SHE] pointed out that China, which suffered from "excessive inflation", was "not too far away from 'vicious inflation'." The Chinese-run agency hinted that the central Government had lost control over the investment activities of the increasingly assertive regions.

HKCNA confirmed that total fixed-assets investments for this year would hit 1,500 billion yuan (HK\$1,339 billion) [Hong Kong dollars], 200 billion yuan more than the figure mandated by Beijing. Moreover, the loans that will be released for such investments will exceed the government ceiling of 190.8 billion yuan by at least 9.2 billion yuan. HKCNA attributed this to local administrations "scrambling to start new and big projects". It disclosed that, in the first half of this year, localities had applied for government loans for more than 160 "important items".

In recent national conferences on the economy, Vice Premier Zhu exuded confidence in Beijing's ability to

rein in the centrifugal forces. However, Chinese economists in the capital said Mr Zhu and his State Council colleagues had been unable to reimpose discipline. They said most localities could flout central edicts by starting new development zones and projects, provided that they had their own line of credit.

Moreover, out of the desire to preserve stability, Mr Zhu has been forced to perform what he euphemistically calls "selective" loosening of credit. On a trip to Heilongjiang last month, the Vice-Premier pledged funds to help cash-strapped state enterprises and to solve the problem of triangular debts, or money businesses owe each other. This is despite the fact that two months earlier, Mr Zhu fired top cadres in the province for failing to curtail triangular debts, as well as enterprises' losses.

China analysts said the People's Bank of China would be subjected to overwhelming pressure from two fronts. They said the bank had to bankroll an expansive social and unemployment insurance programme that the leadership would unveil at the upcoming Fourth Plenum of the Central Committee. Moreover, to preserve his credibility, Mr Zhu must keep the inflation rate to within 15 per cent this year. This would mean massive subsidies for urban residents, who are still complaining about the spate of price rises on grain products last month.

Meanwhile, the authorities have imposed tight censorship on the press in an apparent effort to secure a national consensus on the need to fight inflation and to toe Beijing's line. The censorship is also meant to foster an atmosphere of optimism.

Media sources in Beijing said that the Propaganda Department and related units had told editors of official media to steer clear of at least 20 "taboo subjects". These included views that regional governments should go all out to boost investment and to achieve a high growth rate; problems on the farm, particularly falling grain production; the worsening performance of large and medium-sized enterprises; and migrant workers swamping the cities.

World Bank Official Discusses Organization's Loans

OW2207223894 Beijing XINHUA in English 1532 GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—During the 1994 fiscal year, which has just finished, China got a total of 3.07 billion U.S. dollars in loans from the World Bank, according to a World Bank official here today.

China's share of World Bank loans accounts for 14.7 percent of its 20.8 billion U.S. dollars total in the past fiscal year.

China has been the world's No. 1 recipient of the World Bank loans for two consecutive years, said Pieter Botte-lier, chief of the world bank's Beijing mission. He

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predicted that in the new fiscal year 1995, World Bank loans to China would probably stay at the same level as in the past two years.

According to Bottelier, the World Bank has agreed to provide loans to another 15 Chinese projects in the new fiscal year, which include a housing and social welfare project, a project aimed at modernizing state enterprises in Shenyang, an industrial city in north China and a project to improve women and children's health in rural areas.

The World Bank's board has recently approved a loan of 275 million U.S. dollars and a credit of 75 million U.S. dollars to support the housing reform project which will soon be implemented in the four major Chinese cities of Beijing, Chengdu, Ningbo and Yantai.

But the loans will be concentrated more on projects that could help China's institutional reform and improve management mechanism, instead of merely on "hardware" such as enhancing China's production capacity by establishing more factories, said Bottelier.

He said the new projects would not necessarily involve huge sums but be of important significance. The technical assistance project for China's fiscal and tax reform by the World Bank and the International Monetary Fund is a case in point, he said.

The project, financed by the World Bank, will help China establish a national taxation administration system, as China is the only big economy that lacks an independent institution for central tax collection, Bottelier said.

World Bank Official Discusses Nation's Economy
OW2207183394 Beijing XINHUA in English 1652
GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—A World Bank official today called the package of policies China adopted during the first half of this year "effective," saying that China would probably achieve an economic soft-landing by year's end.

Addressing a press conference, World Bank's Beijing office chief Pieter Bottelier said that the overall economic situation of China has improved quite a lot in the first six months of this year, compared with the same period of last year.

Since March, the upward trend of inflation has been brought down and the investment fever has been cooling down. Also, with smooth unification of foreign exchange rates, foreign currency reserves are increasing.

"If the current trend would continue in the second half of the year, China would achieve what we call a soft-landing, that is to maintain a strong growth momentum along with a stable situation," and at the same time, avoid taking austerity measures, said Bottelier.

While inflation remains high, he said, "the important thing to note is that the growth of inflation has been brought down."

Describing the overall situation as "quite good," he suggested China put more emphasis on enterprise reform, social security reform and house reform as a way to consolidate the progress.

However, success of the reforms ask for restructuring of other sectors, especially the banking system, he said.

On slower growth of overseas investment, he said that the total figure is rather misleading, for the reason that the decrease primarily resulted from fewer money coming from Taiwan and Hong Kong, while investment interest from Japan, Europe and the United States is increasing.

Many multi-national companies and enterprises are preparing to invest in China, with programs for long-term projects, he said, adding this will benefit China a lot in the long run.

Performance of State-Owned Enterprises Up Since Apr

OW2207172694 Beijing XINHUA in English 1519
GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—The economic performances of state-owned enterprises in China have been improving as of April this year, according to Wang Zhongyu, minister in charge of the State Economic and Trade Commission.

Addressing the opening session of a three-day national conference on cutting enterprises' losses and increasing their profits Thursday [21 July], Minister Wang said that early this year state-owned enterprises' profits dropped suddenly and the percentage of state-owned enterprises with general debility rose sharply. From April, however, such a situation was initially brought under control, Wang said.

By the end of the second quarter the percentage of state-owned enterprises with general debility had dropped to 46.3 percent from 49.6 percent at the end of the first quarter, Wang revealed. Meanwhile, the increase rate of the total losses in the second quarter was 56.9 percentage points lower than in the first quarter.

Minister Wang stressed that in order to further reduce the losses of state-owned enterprises and make them profitable, it is necessary to persist in deepening the reform and improving the internal management.

He said that the rate of state-owned enterprises with general debility this year is expected to be five percentage points lower than last year's figure, and the total losses of the enterprises this year are expected to be 20 percent than last year.

Beijing Takes Steps Against 'Blind Production'*HK2207124694 Beijing CEI Database in English
22 Jul 94*

[Text] Beijing (CEIS)—China will take macro economic measures and tighten control over the following three categories of products:

1. The first category of products are those which have been in blind production.

They include household air conditioners and compressors, cigarette-filter tow, meridian tyres, video cameras and digital program-controlled exchanges.

The government will map out an overall development plan for those products.

2. The second category of products are those whose production capacity can be expanded properly to meet the market demand, and yet as capital intensive products, they involve high requirements for the economy of scale.

They include ethylene, polyester, soda ash, penicillin, sedan cars, micro computers, color kinescopes and glass shells, video recorders, magnetic control tubes of microwave stoves [as received], and polyester fiber.

The central government will not approve any new plants of these products except those capital construction and technological renovation projects listed in the Eighth Five-Year Plan (1991-1995).

3. The third category of products are those whose production capacity has exceeded the market demand. They include cotton textiles, wool fabrics, cigarettes, plastic sheeting, color televisions and duplicators.

Officials Praise New Labor Law*HK2407082994 Beijing CHINA DAILY in English
23 Jul 94 p 4*

[Article by Zhang Xia from the "Opinion" page: "New Law Brings Vital Labour Reform"]

[Text] The nation's newly-promulgated Labour Law will protect labourers' rights and interests and achieve harmonious labour relations, according to Labour Minister Li Boyong.

The law will help reform the country's economy and labour systems, Li told a symposium co-hosted by the Ministry of Labour and the All-China Federation of Trade Unions (ACFTU) last week.

Labour experts, factory directors, workers and officials from ACFTU the Labour Ministry and other government departments discussed how to implement the law, which goes into effect on January 1. It has been approved by the Standing Committee of the Eighth National People's Congress (NPC).

However, making the law effective requires strict supervision, Li said. He called on labour departments at all levels to help enforce it.

"But a number of additional laws will be necessary to make the Labour Law effective," Li said.

He listed corresponding laws dealing with social security, safe production practices, supervision, contracts, promotions and salaries. The first two have already been listed in the NPC's five-year legislation plan, according to Li.

Other officials also praised the new law. "Trade unions can more effectively protect labourers' rights and interests by means of this law," said Zhang Dinghua, Vice-Chairman of ACFTU.

Prior to the boom of private and foreign-funded firms in the 1980s, an overwhelming majority of the nation's labourers worked under public ownership.

Since government regulations guaranteed the rights and interests of labourers in State and collective sectors, labour disputes were very rare.

However, recent statistics show that the number of employees in the non-State sector will soon reach 40 million.

Meanwhile, labour disputes have increased sharply in recent years, especially in foreign-owned enterprises. In contrast to the rapid expansion of the non-State sector, regulatory legislation has lagged behind.

Employees' rights and interests have often been unprotected due to the lack of proper laws and regulations. Inadequate safety conditions, for example, have led to a number of disastrous accidents that killed several hundred workers.

The Labour Law empowers trade unions to negotiate as equals with employers on behalf of employees.

Trade unions have vowed to play a more active role in safe-guarding labourers' interests through legal action. ACFTU has sought to mobilize trade union officials to study and popularize the law among workers, according to Zhang.

"Only when labourers have learned the law can they protect themselves with legal means," he stressed.

"The publication of the law turned the dream which I have pursued for more than 40 years into reality," Guan Huai, a professor at Chinese People's University, said. "The Labour Law, the first one in the country's history, fills a need."

Guan, who has taught and researched labour issues for four decades, helped draft a labour law in 1956. But the work was quickly halted and didn't begin again until 1979.

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The law required 15 years of drafting and debate before it was enacted. It is well-made and easy to operate, according to Guan.

The law gives special protection to the rights of women workers, said Huang Qizao, Vice-Chairwoman of the All-China Women's Federation.

Maternity leave, for example, should not be less than 90 days, and women should not do heavy work during pregnancy.

While the number of professional women has soared, their interests, however, are still likely to be neglected, especially in private and foreign-funded enterprises. "Thankfully, they now have a legal shelter," said Huang.

While the law's principle intent is to protect workers, it also ensures the rights of employers to manage their own businesses, said Qiao Xiaoyang from the NPC Commission of Legislative Affairs.

Employers, for instance, are allowed to reduce their staff if necessary. But they must give the trade unions and employees advance notice. Laid-off workers will receive compensation.

The law's 13 chapters and 107 articles regulate job searches, wages, contracts, working hours, vacation and social security.

Increasing Number of Trade Associations Established

OW2407190594 Beijing XINHUA in English 1542
GMT 24 Jul 94

[Text] Beijing, July 24 (XINHUA)—China is reporting a new surge in non-governmental organizations in the industrial sector with more than 160 trade societies set up, involving over 70,000 member enterprises and firms, officials announced recently.

According to the officials, these societies have made great contributions to the shifting and streamlining of functions in governmental managerial departments and have played an important role in trade management.

As a bridge linking the government and enterprises, they have made great efforts to promote technological development, to enhance the macro economic control and to popularize new industrial information.

First emerging in the late 1970s and early 1980s, the trade societies are voluntarily organized social economic communities in China.

Nation's Rural Enterprises Continue Steady Growth

OW2407225694 Beijing XINHUA Domestic Service in Chinese 0705 GMT 20 Jul 94

[By reporter Wang Yanbin (3769 6056 1755)]

[Text] Beijing, 20 Jul (XINHUA)—Chinese village and town enterprises continued to deepen reform, open wider to the outside world, and, with an export-oriented economy and scientific progress as the major driving forces, showed a trend of stable and healthy development in the first half of this year.

According to a person in charge of the township enterprise bureau under the Ministry of Agriculture, village and town enterprises' value of sales and industrial output value grew simultaneously, and both sales and production were well coordinated in the first half of this year. From January to June, village industries achieved a total of 1,209.9 billion yuan in output value and 1,004.5 billion yuan in sales value, up 44.8 percent and 55 percent, respectively, against the same period last year. The volume of exports increased. In the first six months of this year, village enterprises delivered export goods worth 118 billion yuan, up 55.2 percent from the same period last year. These village enterprises exported 18 percent of their products, and their foreign exchange earnings increased significantly. By the end of May, village and town enterprises paid nearly 60 billion yuan in taxes to the state, which is up 35 percent from the same period last year and which is a great increase in their contributions to the state. Village and town enterprises in central and western China have stepped up their development. In the first half of this year, village and town enterprises in central China increased their output value by over 50 percent and their counterparts in western China by over 70 percent.

As for the problem that village and town enterprises in various localities have encountered some difficulties in the course of development, the township enterprise bureau under the Ministry of Agriculture has asked all localities to continue to deepen reform and to strive to improve themselves. The bureau demanded that greater efforts be made in the reform with a view to clearly defining property rights of enterprises, achieving independent management by enterprises, developing markets for factors of production, and rationalizing the structure of organizations. All provinces, prefectures, and counties should set up examples and guide enterprises to gradually establish a modern enterprise system. Meanwhile, the system of contracted management responsibility should be further improved and management should be strengthened to improve efficiency.

Construction Ministry Sets 9 Targets for Real Estate

HK2507075094 Beijing ZHONGGUO XINWEN SHE in English 0445 GMT 23 Jul 94

[Text] Beijing, 23 Jul (ZHONGGUO XINWEN SHE)—The Ministry of Construction put forward nine objectives to be achieved in the real estate sector by the end of the current Eighth Five Year Plan (1991-1995) and by the year 2000.

First, the real estate sector will grow at an annual rate of 18 percent and will make up 3.7 percent of the gross

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output value by the end of the Eighth Five Year Plan and 5.5 percent by the year 2000, showing a progressive gain from a 2.7 percent share of the gross output value at present.

Second, payment of tax to the state coffer each year will reach RMB [renminbi] 20 billion by the end of the five-year plan and RMB 40 billion by the year 2000.

Third, workers employed in the real estate sector will rise from 2.4 million at present to four million and to six million respectively.

Fourth, input of capital into the real estate will reach 60 percent and 80 percent of the total. Individual investment in the housing apartment sector will rise from 17 percent at present to 20 percent by the end of the five-year plan and to 30 percent by the year 2000.

Fifth, land supply for exploitation in the real estate industry will amount to 15,000 hectares and to 25,000 hectares.

Sixth, land supply and transfer of utilization rights to land with payment will reach five percent and ten percent, up from one percent at present.

Seventh, commodity housing will account for 35 percent of the gross area of various kinds of housing in urban district by the end of the five-year period and 50 percent by the year 2000.

Eighth, housing units newly exploited every year in urban district will be put at 150 million square metres and 180 million square metres. Per capita living space will reach 7.5 square metres and eight square metres.

Ninth, housing under professional property management and restoration will make up 20 percent and 40 percent of the total housing units.

City Construction Enters 'Most Active' Period

OW2307050594 Beijing XINHUA Domestic Service in Chinese 2145 GMT 16 Jul 94

[By reporter Cong Yaping (0654 0068 1627)]

[Text] Beijing, 17 Jul (XINHUA)—With the rapid development of economic construction, China's city construction has also entered into the most active and constructive developing period since the founding of New China.

It was learned that the number of China's cities increased by 53 last year, reaching a total of 570 cities. The completed total amount of fixed asset investment in city construction was 52.2 billion yuan, an increase of 84 percent as compared with the previous year. After allowing for price increases, the actual amount of completed investment increased by 46 percent last year, setting an all-time record since the founding of New China. Of this, the amount of completed capital construction investment was 35 billion yuan, an increase of 70 percent over the previous year, and the amount of completed investment in renovation projects was 17.2

billion, an increase of 123 percent over the previous year. The structure of investment became more reasonable last year. The functions of cities have been increasingly improved, thus creating a more favorable investment environment for economic development and good conditions for the improvement of people's living standards.

According to a statistical report, the total water supply volume for cities last year was 45.9 billion tonnes, an increase of 3 billion tonnes over the previous year. The rate of popularization of the supply of water reached 93.4 percent, and the average amount of per capita daily use of water for living purposes reached 188 liters. The rate of popularization of the use of coal gas in cities increased from 52.4 percent in 1992 to 56.9 percent last year. Public transportation in cities developed further. There were 99,890 standard buses, or six standard buses per 10,000 people, an increase of 0.1 standard bus over the previous year. The total number of taxicabs was nearly 280,000, an increase of 46.2 percent over the previous year. The total length of roads in cities exceeded 100,000 kilometers. The per capita public green area increased from 4.2 square meters in the previous year to 4.5 square meters. The rate of foul water processing in cities reached 18 percent, an increase of 0.6 percent over the previous year. The rate of processing of refuse and human waste reached 32.5 percent, an increase of 7.4 percent over the previous year. Refuse in large- and medium-sized cities were in the main processed daily.

Li Zhendong, vice minister of Construction, said: The public works are the principal and foundation facilities for the comprehensive service of cities, which are related to people's eating, living, transportation and other activities and to the overall quality of cities. Therefore, it is necessary to further increase investment to gradually solve the problem of economic bottlenecks in the construction of cities' public works and implement a construction system of "unified planning, reasonable arrangement, comprehensive development and forming of a complete set" so as to promote a more healthy development of city construction.

Sales of Consumer Goods Set To 'Boom'

HK2507091794 Beijing ZHONGGUO XINWEN SHE in English 1313 GMT 22 Jul 94

[Text] Beijing, July 22 (CNS)—The State Planning Commission of China forecast that sale of consumer goods would turn into a boom from slackness in the latter half of the year and retail sales amount was expected to increase greatly.

Since urban residents' income showed a fast rise and farmers' income increased steadily, purchasing prices for grain were raised and purchasing funds for agricultural produce and by-products in place, the purchasing power in China would be further enhanced. In addition, the issuance of treasury bonds has been completed, the

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negative influence posed on the market by the unduly high levels of spending in the first half of the year has basically disappeared, a boom for consumer goods is sure to come in the latter half of the year.

It is reported that the industrial added value from January to May this year increased by 16 percent over the same period of last year, and that in May 17.3 up. The state enterprises, the middle and west part of China, the energy production and the light industry have all showed growth in production, which will help enhance the economic efficiency of enterprises and income level of employees, resulting in rise of purchasing power. Rapid growth in light industrial production in particular marks recovery of the market.

Implementation of grain price reform will probably develop people's psychological expectation for inflation, making them purchase more durables and food.

By analysing monthly growth in retail sales of consumer goods, the State Planning Commission is able to partly prove its forecast. The retail sales of consumer goods increased with months from January to May this year. In May, the actual growth reached 6.1 percent, 3.6 percentage points up over the growth in January, indicating an expectant boom of the market.

Foreign Experts Play 'Important' Role in Key Projects

OW2207134094 Beijing Central People's Radio Network in Mandarin 1030 GMT 13 Jul 94

[From the "National Hookup" program]

[Text] In recent years, foreign economists have played an important role in China's key construction projects. Foreign experts can be seen working at the sites of many key state construction projects, including the Daya Bay Nuclear Power Plant, the Xinjiang Hydropower Station, and the Tianjin Seamless Steel Tube Plant.

It has been disclosed that China has imported advanced technology and equipment for half of its 151 key state construction projects now under construction. As a result, large numbers of foreign experts have participated in China's key construction projects. More than 20,000 foreign experts have come to work in China annually over the past three years. The Chinese Government has created favorable conditions so that foreign experts can work closely with Chinese builders to ensure smooth progress in key construction projects.

Minority Nationality Regions' Development Reported

OW2307143194 Beijing XINHUA in English 1231 GMT 23 Jul 94

[Text] Beijing, July 23 (XINHUA)—China has established 47 autonomous counties in the past decade, one third of the total number of China's autonomous areas.

Now China has five autonomous regions, 30 autonomous prefectures and 122 autonomous counties, which occupy 64.3 percent of the country's total area. The system of ethnic regional autonomy is enjoyed by 44 minority nationalities, or 75 percent of the people of minority nationalities.

China has 55 ethnic minority groups, in addition to the Han majority. Since New China was founded in 1949 the Chinese Government has made continuous efforts to promote unity among different nationalities and develop new-style socialist relations among nationalities, said Wang Chaowen, chairman of the Nationalities Committee of the National People's Congress.

Wang, 63, of the Miao nationality, commented that China's ethnic regional autonomy system is suited to the national conditions.

"Strengthening unity among different nationalities and safeguarding the state unity are intimately connected with the fundamental interests of people of all nationalities," Wang said.

According to him, so far a legal system for minority nationalities has been initially set up in China.

China promulgated the law on regional autonomy for China's minority nationalities ten years ago. Since then, China has enacted a set of laws and regulations concerning minority nationalities.

To date, 119 autonomous regions, prefectures and counties have formulated regulations on the exercise of autonomy. Some 52 specific regulations on language, culture and education, marriage and family planning have also been published in minority autonomous areas.

Meanwhile, the economy in the areas inhabited by people of minority nationalities has developed steadily in recent years. The living standards of the people in these areas have improved a lot, said Wang.

Statistics show that the gross national product, national income and gross output value of industry and agriculture in the five autonomous regions and three multinational provinces in 1993 increased over 50 percent, 52 percent, 65 percent, respectively, compared with the figures for 1985.

The central government has increased investment in the autonomous areas in recent years, said Wang. It has set up many kinds of aid funds to support economic and social development in these areas. During the 1980-1993 period the eight multinational provinces and autonomous regions have received more than 100 billion yuan in state financial subsidies.

Reform and opening to the outside world have also been speeded up in the ethnic-minority regions in recent years, Wang said.

Six provinces and autonomous regions, including Inner Mongolia, Guangxi, Yunnan, Tibet, Qinghai and

Ningxia, approved over 3,700 Sino-foreign joint ventures in 1993, totalling a contracted investment of over five billion U.S. dollars.

The Xinjiang Uygur Autonomous Region has published eight preferential policies and measures to promote opening to the outside world. The Inner Mongolia Autonomous Region and south China's Yunnan Province have opened border cities. The Tibet Autonomous Region has promulgated a set of 21-article regulations for attracting foreign investment. The Ningxia Hui Autonomous Region has established trade relations with 58 foreign countries.

Meanwhile, education in ethnic-minority areas has developed rapidly in recent years. By the end of 1993 China's minority-nationality areas had established more than 100,000 primary schools, over 10,000 middle schools, nearly 600 secondary technical schools and more than 100 universities and colleges.

Moreover, ethnic-minority cadres now number over 2.28 million across the country, nearly three times the number in 1978. Many ethnic cadres hold leading posts at different levels, said Wang.

Campus Firms Become Important Source of Funding

OW2407041394 Beijing XINHUA in English 0302 GMT 24 Jul 94

[Text] Beijing, July 24 (XINHUA)—School-run enterprises are growing into an important source of education funds in China.

Statistics from the State Education Commission show that these firms have been built up in about 730,000 Chinese primary and middle schools, or 92 percent of the total school number.

Organized and run by school administrations, they are engaging in industry, business, agriculture, and services. With output reaching 60.5 billion yuan-worth last year, they handed over about 440 million yuan from their profits to the education sector, for repairing school buildings and buying teaching equipment.

As the major investor, the state pours about 40 billion to 50 billion yuan into education every year, but that is still far from what the sector actually needs.

The central government said it will go on supporting the development of campus enterprises by providing preferential policies for them.

Foreign investment in school-run enterprises is encouraged, with nearly 400 joint ventures being built so far.

Workers of campus firms are mainly employed from outside, with a few teachers taking part. But factories and farms also serve as "second classrooms" for students to learn working skills in their spare time. The education

commission has requested that working skill courses be opened in all Chinese primary and middle schools.

State Council on Intellectual Property Rights

HK2207150294 Beijing XINHUA Domestic Service in Chinese 2115 GMT 21 Jul 94

["The State Council's Decision on Further Strengthening the Protection of Intellectual Property Rights"]

[Text] Beijing, 22 Jul (XINHUA)—Provincial and autonomous regional people's governments, people's governments of municipalities directly under the central authorities, as well as ministries, commissions, and institutions directly under the State Council:

Protecting intellectual property rights is a component of China's reform and opening up policy and is an important system to bring about the prosperous development of scientific, technological, and cultural undertakings and to ensure the normal operation of the socialist market economy. To cope with the trend of international scientific, technological, and economic integration and with the objective need to expedite the restoration of China's GATT signatory status, China has in recent years speeded up its legislation on intellectual property rights and has promulgated, one after another, the PRC Trademarks Law, the PRC Patent Law, the PRC Law on Technological Contracts, the PRC Copyright Law, the PRC Law Against Unfair Competition, and so on. And these have initially converged with international standards, thus playing a positive role in promoting China's reform, opening up, and modernization. Because the intellectual property rights system was established in China not long ago and the intellectual property rights mentality is comparatively weak throughout society, some regions and departments still lack an adequate understanding of the importance of protecting intellectual property rights, and some serious infringements on intellectual property rights have not only harmed the legitimate rights and interests of intellectual property rights owners but have also ruined the sanctity of law. To earnestly strengthen the protection of intellectual property rights and ensure the implementation of law, a decision has been made as follows:

1. Improving the intellectual property rights system and earnestly strengthening the protection of intellectual property rights are important components of deepening scientific, technological, and economic reforms and widening the scope of opening up. They are also basic requirements for speeding up the establishment of the socialist market economic structure and for materializing convergence with the world economy. All levels of people's governments are required to fully understand the major significance of the intellectual property rights system in promoting scientific and technological progress and economic development; to correctly handle the relationship between local and overall interests and the relationship between immediate and long-term interests; to list strengthening the protection of intellectual

property rights as an important item on the agenda of scientific, technological, economic, and cultural work; to comprehensively use legal, economic, and administrative measures to guide enterprises, scientific research institutions, and universities (hereafter called enterprises and institutions for short) to take effective measures to earnestly protect their intellectual property rights; to fully respect others' intellectual property rights in order to encourage the entire society to cultivate the excellent habit of respecting and protecting intellectual property rights; and to provide an excellent environment and conditions for civilians, enterprises, and institutions to make inventions and creations and for scientific, technological, economic, and cultural cooperation and exchanges with foreign countries.

2. Protecting intellectual property rights is comprehensive work involving legislation, judicature, law enforcement, and administration. All relevant departments must support and closely cooperate with each other to form a standardized and coordinated intellectual property rights protection system.

Recently, the National People's Congress Standing Committee examined and ratified a decision on punishing and curbing criminal infringements of copyrights in order to strengthen the impetus of stopping and punishing intellectual property rights violations.

The State Council will lose no time in studying and formulating administrative laws and regulations on providing frontier protective measures for intellectual property rights.

All levels of intellectual property rights administrative and law enforcement institutions must strengthen their functions, enrich their resources, and enhance their efficiency. At present, stress should be laid on strengthening all levels of copyright administrative and law enforcement institutions to ensure the effective implementation of the PRC Copyright Law. In the course of performing their duties, if intellectual property rights administrative and law enforcement institutions need the cooperation of other administrative and law enforcement institutions or management institutions, these institutions and departments must provide effective assistance. Together with scientific, technological, economic, and cultural institutions; press agencies; publishing houses; and radio, film, television, and public security departments, intellectual property rights administrative and law enforcement institutions may examine and handle important cases which have serious influence.

There is a need to support people's courts in trying cases according to law which involve intellectual property rights and to support the relevant people's court in forming a court of judgment on intellectual property rights, if necessary, to strengthen its ability to pass judgments and to ensure that cases involving intellectual property rights are fairly and promptly handled.

In judicial, administrative, and law-enforcement work, it is necessary to break local protection and departmental separation; to follow the principle of "abiding by the law, strict enforcement of the law, and investigating and affixing responsibility for violations of the law"; to strictly implement laws and regulations; and to examine and punish infringements of intellectual property rights according to the law. If infringements of intellectual property rights are so serious that they constitute criminal offenses, the relevant offenders must be held responsible for their crimes in order to earnestly protect the legitimate rights and interests of intellectual property rights owners and to protect the unity and dignity of the socialist legal system.

To further perfect and improve China's intellectual property rights management system and strengthen macromanagement and the overall coordination of intellectual property rights, the State Council has decided to form a State Council intellectual property rights work meeting system. In the course of institutional reform, all departments should strengthen their intellectual property rights management organs and rationalize their relations to form a structure in China under which administration and judicial protection simultaneously operate and strengthen the impetus of protecting intellectual property rights.

3. There is a need to strengthen supervision and inspection over the implementation of intellectual property rights laws and to establish a mechanism which combines daily supervision and focal point inspection. The State Council will organize intellectual property rights administrative and law enforcement institutions; scientific, technological, economic, and cultural institutions; press agencies; publishing houses; and radio, film, television, and public security departments in carrying out joint inspection over the implementation of intellectual property rights laws in all localities and departments. Stress will be laid on screening and handling some important and influential cases of infringements of intellectual property rights in order to urge certain localities to resolve lax enforcement of the law and ineffective handling of infringements of intellectual property rights. This work must proceed in such a way that a system will gradually take shape to really ensure the effective implementation of intellectual property rights laws.

At present, supervisory and inspection work should focus on screening and rectifying the video and audio products market, as well as the computer software market. All levels of copyright administrative departments and industrial and commercial administrations must closely cooperate with each other, strengthen their inspections, and seriously deal with the illegal copying of video and audio products and the pirating of computer software.

4. To implement the relevant provisions of the Paris Convention on the Protection of Industrial Property Rights and the Nepal Convention on the Protection of

Literature and Art Creations, both of which China has acceded to, and to strengthen the protection of intellectual property rights in foreign-related economic, technological, and trade activities, it is necessary to strengthen customs departments' functions in protecting intellectual property rights and stopping the import and export of intellectual products in violation of intellectual property rights. They must take the necessary frontier measures to effectively stop the import and export of intellectual products in violation of intellectual property rights. Customs departments must strengthen their contacts and cooperation with relevant departments and strictly implement frontier protective measures according to the law.

5. Protection must be strengthened over intellectual property rights in the course of importing and exporting new technologies and new products. When introducing foreign technology or importing products, there is a need to obtain a comprehensive understanding of the intellectual property rights of the relevant technology or products to prevent disputes or losses; when exporting new technologies or new products, there is also a need to obtain information about the relevant intellectual property rights to prevent others from imitating the technologies or products after they are exported and to prevent ourselves from infringing on others' intellectual property rights.

It is necessary to strengthen the examination, approval, and management of the manufacture or joint processing of brand-name products with provided or designated materials and of the distribution of foreign-made video and audio products. After an enterprise accepts authorization to carry out these activities, it should ask the relevant intellectual property rights management department or intellectual property rights service institution about whether the foreign business is the legitimate intellectual property rights owner or user. In the contract, it must be clarified that if a third party accuses the enterprise of infringing on his intellectual property rights in the course of processing or manufacturing the brand-name products stated in the contract or distributing video and audio products, it must undertake the responsibility and be held responsible for compensation claimed if the accusation stands.

6. All trades and undertakings must regard strengthening work concerning intellectual property rights as an important measure to promote their scientific and technological progress and economic development. Strategic and management research on intellectual property rights must be actively conducted in light of specific scientific, technological, and economic developments in the relevant trades and undertakings to guide the adjustment of their product mix as well as scientific research and production. Policies must be oriented to medical, industrial chemical, and computer software undertakings, which are comparatively poor in their self-funding of scientific research and development. Investment should

be increased on research and development to improve their ability and level to carry out research and development with their own funds.

7. The scientific and technological planning departments should take intellectual property rights work as a key link, draw up a unified intellectual property rights work strategy aimed at implementing scientific and technological development plans, and make redoubled efforts to conduct investigations, analyses, and policy studies related to intellectual property rights with a view to implementing scientific and technological development plans in a down-to-earth manner and including intellectual property rights in the process of projects planning, scientific and technological achievements protection in accordance with the law, as well as scientific and technological achievements, commercialization, industrialization, and internationalization.

8. Enterprises and undertakings should regard intellectual property rights work as essential to a modern enterprise system and a modern scientific research academy or institute system; enhance their sense of intellectual property rights; abide by intellectual property rights laws and regulations; integrate intellectual property rights with scientific research and development, production operations, and internal management; and establish an intellectual property rights protection system.

Enterprises and undertakings should closely integrate intellectual property rights with new technologies, crafts, and product development, as well as technical transformation; draw up correct research development and production operation strategies with given intellectual property rights information; chart a correct technological research and development orientation; raise points of departure, standards, and the efficiency of research and exploitation; avoid unnecessary duplicate exploitation; and prevent the encroachment of rights in scientific research and production.

9. Scientific, technological, economic, cultural, and other associations; intellectual property rights organizations; and organizations providing socialized intellectual property rights services are an important force for enforcing intellectual property rights laws and strengthening intellectual property rights protection. Thus, it is imperative to encourage and assist these organizations in development, give full scope to their flexible mechanisms, and guide them to provide a variety of consultative services relating to intellectual property protection laws. It is imperative to establish a batch of institutions capable of providing consultative services relating to laws on intellectual property rights protection, helping the people concerned conduct investigations into and collect evidence for intellectual property rights encroachment cases, and resolving intellectual property rights disputes in accordance with the law. The government departments concerned should strive to fully mobilize enthusiasm on the part of these institutions and should turn

these institutions into competent assistants for administrative departments in charge of the protection of intellectual property rights.

10. It is now necessary to train more qualified personnel specializing in intellectual property rights and to publicize and popularize intellectual property rights among the broad masses of cadres and people. Intellectual property rights management departments as well as scientific, technological, economic, cultural, and other departments concerned should conduct in-depth intellectual property rights propaganda and step up education on state intellectual property rights laws during the period of the second five-year state legal education plan. Media units should increase coverage of intellectual property rights protection work, step up propaganda and education on intellectual property rights protection, prepare public opinion for intellectual property rights protection, and supervise intellectual property rights protection work. Enterprises and undertakings should popularize intellectual property rights laws and other state laws at the same time and in a planned way. They should carry out in-depth and protracted propaganda and education with an eye on gradually making the whole society more conscious of protecting intellectual property rights and cultivating a sense of the legal system, thereby creating a favorable social atmosphere for protecting intellectual property rights.

11. The State Council departments concerned may work out in accordance with this "decision" specific measures to enhance the intellectual property rights work of enterprises and undertakings.

[Dated] 5 July, 1994

Crackdown on CD Piracy Meets 'Strong Resistance'

HK2507052894 Hong Kong SOUTH CHINA MORNING POST in English 25 Jul 94 p 9

[By Chan Wai-Fong]

[Text] China's crackdown on copyright piracy has met strong resistance in the southeastern coastal areas where government officials are involved in the lucrative industry, an industry executive said. And the pirate compact disc market is still very active in spite of the recent official crackdown, with merchants and manufacturers fighting against time to get their stocks out before the Government launches a harder hit on copyright infringements later this year.

"In places like the southeastern city of Chaoyang and the more powerful economic regions along the coast, many of these factories have local government participation. In a number of them, pirate CD lines are the major source of income," said Patrick Wong, chief secretary of the International Federation of the Phonographic Industry's Hong Kong Group. The federation has been lobbying the Chinese Government to impose more stringent legislation and measures to protect copyright and assist

law enforcement authorities in their crackdown actions during the past decade. "Except in some more organized cities like Shanghai, there has not been much improvement," said Mr Wong, in spite of recent official crackdowns which mainly focused on retail outlets for counterfeit CDs. Piracy was rampant in places such as Shenzhen and Zhuhai where pirate CD factories were numerous, he added.

During a recent visit to Beijing, a senior US trade official called for the closure of 26 factories in southern China producing pirated compact discs, laser discs and CD-ROM computer software. These factories were the source for the entire Chinese piracy market, the US official claimed. Industry sources said Beijing had plans to pick four major factories as targets in the coming crackdown. "But they have not yet decided on which four," the source said.

And Mr Wong suggested that these factories remained "safe" until now because many Communist Party and government authorities and cadres were involved. "Some people are really scared. But investments in CD factories are huge. The ones already in operation want to get the most back, while some just put out more to recoup the capital," he said. Mr Wong added restricted import and high demand had kept the piracy market flourishing. "They have a restricted system on importing audiovisual materials. Only a limited amount is allowed. A big gap between the high demand and small supply creates a living space for piracy.

"And it is unlikely that they will open the market because they still consider audiovisual material an ideological matter and they want to protect the domestic market," he said. But Mr Wong was optimistic the situation would improve. "There is pressure from domestic CD manufacturers who have also fallen victims to piracy. And China will soon promulgate new legislation regulating CD factory operation and tightening border inspections."

Nation's Foreign Reserves Exceed \$31 Billion

OW2407170894 Beijing XINHUA in English 1454 GMT 24 Jul 94

[Text] Beijing, July 24 (XINHUA)—China's foreign exchange reserve topped 31.8 billion U.S. dollars by the end of June, according to a senior Chinese financial official today.

The figure represents a 50 percent surge over the reserve of 21.2 billion U.S. dollars early this year and is the highest amount the country has ever seen.

"The record high growth has considerably improved the country's balance of payments and indicates a sound performance of the national economy," said Zhu Xiaohua, head of the State Administration of Foreign Exchange Control, who is also vice-governor of the central bank, or the People's Bank of China.

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Analysts agree that the increase has come around against the backdrop of a range of macro-economic control policies which, adopted since last summer, sought to curb the scale of investment in fixed assets.

Also, the rise has been prompted by vigorous exports and a massive inflow of overseas investment.

China's export volume between January and June was valued at 48.4 billion U.S. dollars, outpacing the growth rate of imports by 8.8 percentage points.

The same period saw overseas investment in China increase by 14.7 billion U.S. dollars, with direct investment in the form of equipment and goods constituting the bulk of imports.

According to analysts, introduction of the new foreign exchange system poses another important factor behind the drastic increase.

The new system, effective from January 1, uses a single renminbi (Chinese yuan) rate, which has since remained stable, floating between 1:8.7 and 1:8.65.

In addition, it makes hard currencies more available for foreign trade companies, while requiring them to sell all foreign exchange earnings to the banks.

With reduced misgivings over big swings in renminbi rates and more access to foreign currencies, the companies no longer hide away part of their foreign money abroad as they did under the old foreign exchange control system, according to analysts.

"Increased foreign exchange reserve dramatically strengthens China's capabilities in importing and servicing foreign debt," said Zhu. "It provides a guarantee for reaching our projected total import volume of 1,000 billion U.S. dollars for the remaining years of this century."

"However, we have no intention of building up an unduly big foreign exchange reserve," Zhu said, noting that China is "a heavy debtor."

China's external debts stood at 83.5 billion U.S. dollars at the end of last year, according to latest official statistics.

Foreign Debt Totals \$83.5 Billion

OW2207135794 Beijing XINHUA in English 1323
GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—China's external debt increased by 14.28 billion U.S. dollars last year, bringing the outstanding amount to 83.5 billion U.S. dollars by the end of 1993.

According to a report published by the State Administration of Foreign Exchange Control (SAFE) here today, last year's growth of the foreign debt was by 20.61 percent.

Of the total amount, 83.79 percent or 70.027 billion U.S. dollars, was middle and long-term debt; 16.21 percent or 13.54 billion U.S. dollars, was short-term debt.

Financial institutions including banks are the biggest debtors; their external borrowings account for 49.9 percent of the total. Governmental establishments, domestic enterprises and foreign-funded enterprises rank second, third and fourth, with their borrowings being 25.59 percent, 13.4 percent, 11.51 percent of the total, respectively.

The report notes that China's foreign debt service ratio stood at 9.7 percent and debt ratio at 94.52 percent in 1993.

Statistics Show Improved Balance of Payments

HK2307071494 Beijing CHINA DAILY in English
22 Jul 94 p 1

[By Ren Kan: "China Sees Its Reserve Assets Increase by \$1.7 Billion"]

[Text] China's balance of payments is improving, with its reserve assets enjoying a moderate rise last year after a fall in 1992.

According to a report issued by the State Administration of Exchange Control yesterday, the country's reserve assets rose by \$1.767 billion last year. This was an improvement over 1992, which recorded a fall of \$2.27 billion.

Analysts said the improved balance of payments will enable the country to absorb imports and help pay off its foreign debts.

Reserve assets include foreign exchange reserves, Special Drawing Rights, a reserve position in the International Monetary Fund (IMF) and use of fund credits.

According to the report, the foreign exchange reserves had risen by \$1.766 billion to \$21.199 billion by the end of last year.

The Special Drawing Rights rose by \$65 million, while the reserve position in the IMF went down by \$54 million.

The rise in last year's reserve assets was mainly due to the surplus in capital accounts, which reached \$23.47 billion.

This was a dramatic improvement over the \$250 million deficit in 1992. Capital accounts include loans, investments and securities.

The report said more foreign capital flowed into China last year in the form of direct investments and securities purchases.

Last year, direct foreign investment amounted to \$27.5 billion, 1.46 times more than the previous year.

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And the total number of bonds and stocks issued abroad hit \$5 billion, 5.8 times more than in 1992.

A huge surplus in capital accounts has offset a deficit in current accounts covering trade, labour and donations.

Last year, the country suffered a \$11.9 billion deficit in its current accounts, compared with a \$6.4 billion surplus in 1992.

And the country's foreign trade last year registered a \$10.65 billion deficit.

Non-trade items, including labour, tourism, transportation, banking, harbour and investment profits also suffered a \$2.42 billion deficit for the first time since 1982.

Investment in Financial Institutions To Be Controlled

HK2207125294 Beijing CEI Database in English
22 Jul 94

[Text] Beijing (CEIS)—People's Bank of China, the central bank, has mapped out a package of new regulations on investment and taking stakes in financial institutions, according to banking officials.

Highlights of the regulations are as follows:

- Investment and shareholding in financial institutions by party and government organs, armed forces, organizations, and non-profit making units earning on state allocations will be put under control,
- Chinese industrial and commercial enterprises are in principle not allowed to make investment in financial institutions. They are strictly barred from investing bank loans into financial institutions. Enterprises with good performance may, upon approval by relevant departments, invest and hold a limited stake in financial institutions,
- Financial institutions such as commercial banks and financial companies may conduct inter-bank investment with their own capital only after their capital ratio meets the requirement of the People's Bank of China,
- Foreign-funded enterprises and Sino-foreign joint ventures in China are barred from investment in Chinese-funded financial institutions, and
- Enterprises invested by financial institutions are not allowed to make investment in the financial institutions.

Power Firms To Be Listed on Foreign Stock Exchanges

OW2207165494 Beijing XINHUA in English 1552
GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—The upcoming overseas listing of China's power companies is attracting

global investors. The Ministry of the Power Industry hopes foreign investors would further realize the potential of China's power market.

Power Ministry spokesman Jiang Shaojun said here today that those would-be listed companies have become the focus of attention for foreign investors and press.

He said worldwide investors showed enthusiasm to cash in on China's power industry and at the same time raised several topics of mutual concern.

Four power producers, among a total of 22 companies, were selected and approved by the State Council Securities Commission to get overseas exposure this year. The Shandong Huaneng Power Generation Inc. and Huaneng Power International Inc. would go directly to New York while the Shandong International Power Resources Company Ltd. and Beijing Datang Electric Power Company Ltd. would go to Hongkong.

Shandong Huaneng will be listed on the New York Stock Exchange early next month. Huaneng Power International is expected to float in September. And the two other companies are scheduled to be listed in Hongkong soon.

Jiang said that China's electric power shortage has persisted for over 20 years. A yearly increase of 17 million kw of generating capacity is required in the ensuing seven years to meet the demand of economic growth.

This necessitates the pooling of funds, either domestic or foreign, in a bid to broaden the channel of financing for China's ambitious power development objective, he added.

The spokesman said his ministry has mapped out a new principle and a formula to determine the electricity prices for overseas-listed shareholding power enterprises.

He termed the principle and formula as "scientific and rational," saying that coupling with a series of legally-binding contracts signed by power producers and grid network enterprises, they would guarantee expected investment returns for the investors.

He believed that in these circumstances, the power producers, if operating properly, would have no problem obtaining a 15 percent annual return for their capital funds.

Those who manage better would have even higher returns, he added.

He pointed that investing in the power industry means low risks and stable returns, as has been proved by the management experiences of many foreign businessmen.

Jiang said China has been placing emphasis on the construction of thermal and hydroelectric power plants,

leading to the inclusion of the environmental protection of thermal power plants into the state industrial and technological policies.

The government has set special environmental protection standards and a ratification procedure for the construction, expansion and remodeling of thermal power plants. Proposals should be first submitted to the Ministry of Power Industry before being forwarded to the State Bureau of Environmental Protection for final approval.

Electricity Companies Seek Foreign Investment

*HK2407082494 Beijing CHINA DAILY in English
23 Jul 94 p 1*

[By Chang Weimin: "Electricity Companies Seek More Investment"]

[Text] The Ministry of Power Industry yesterday revealed the terms and conditions for foreign investment in the country's top four electricity companies.

The companies, which will soon be listed on international securities markets, are wooing foreign money in a bid to increase output to meet growing domestic demand.

The country aims to increase generating capacity by 63 per cent over the next seven years, according to the ministry spokesman Jiang Shaojun.

But the target of 17-million-kilowatts worth of new power generators each year would prove "a difficult task," he said.

The ministry unveiled the electricity pricing principles behind the listing of the four companies: Shandong Huaneng Power Generation, Huaneng International Power Development, Shandong International Power Source Development and Datong Power Plant.

Huaneng International will be listed on the New York Stock Exchange in September, and Shandong Huaneng will also be floated there soon. The other two will be listed in Hong Kong in the near future, Jiang said.

The pricing formula principles are:

- that prices will take account of production costs, fees, taxes and profits;
- and that after-tax profits will be worked out following standard accountancy methods, which will consider the net value of fixed assets.

Jiang said investors will get a return of 15 per cent from the four holding companies.

Returns above 15 per cent may be obtained if the holding firms are efficiently managed, he said.

Jiang said the ministry believes the four company listings will be a success.

He said the flotations form an important part of the country's power reforms.

Power output in the first half of this year was 437.4 billion kilowatt-hours, Jiang said.

An additional 20 per cent was needed to meet demand.

Last year capacity stood at 183 million kilowatts.

The power shortfall has caused a "bottleneck" hindering national economic development, he said.

By the end of last year, China had signed \$14.3 billion worth of power contracts with foreigners, of which \$10.4 billion has so far been used.

Official Views Overseas Listing of Power Generation Firms

*HK2307080094 Beijing ZHONGGUO XINWEN SHE
in English 1219 GMT 22 Jul 94*

[Text] Beijing, July 22 (CNS)—The listing of China's power enterprises overseas which will issue shares in the United States and Hong Kong for the first time has drawn so much attention from domestic and foreign press circles as well as from international investors. A spokesman of the Ministry of Power Industry elaborated on the matter today.

The State Council endorsed on July 1 overseas listing four enterprises from the power industry sector, first of its kinds of such practice. The Shandong Huaneng Power Company and the Huaneng International Electric Power Development Company will be listed in the New York Stock Exchange while the Shandong International Power Source Company and the Beijing Datang Company will go to the Stock Exchange of Hong Kong for the listing. The spokesman Jiang Shaojun touched on four points of concern at home and abroad.

First, prospects for investment in the power industry in China. The gross installed capacity across the country was put at 183 million kilowatts by the end of 1993, with the year-round generated energy reaching 837.4 billion kilowatt/hr, both figures ranking China the fourth place in the world. Per capita installed capacity was, however, a mere 150 kilowatts, and per capita power consumption a mere 690 kilowatt/hr, far from reaching one-third of the international level and placing China in the 80th position in the world in terms of the two indicators. The general shortage of electricity across the country was up to 20 percent of the total required. The installed capacity has to reach 300 million kilowatts by the year 2000 to meet the needs based on calculation of an annual economic growth of nine percent. In order to achieve this end, the annual installed capacity will have to be over 17 million kilowatts on average in seven years to come. The key to realizing such a goal mainly lies in fund-raising for the construction of power facilities. There is a great potential for investment in the power industry in China, and prospects in this industry are very promising.

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Second, price for electricity. The ministry has set three principles for the pricing of electricity produced by shareholding power enterprises which are listed overseas. First, meet the cost of power generation, reasonable profit and fair share of electricity charges, all of which are considered general rules for setting price for electricity. Second, set a price that is close to the pricing structure of the place where the power enterprise has its shares issued. It is aimed at creating a standard mechanism for power price setting. Third, adopt a unified price setting principle, calculation methods as well as management employed by overseas listed companies. The formula worked out by the ministry for the pricing of electricity states that price for electricity must take into account cost, fees, tax and profit. Profit is calculated by observing the profit rate according to the net value of fixed assets. Asset on loans can be deducted according to a particular interest rate for comprehensive loan. A ceiling can be set for such deduction and the profit as well as the deduction rate can be included in a prospectus for share issuance.

Third, the issue of return. The return rate for capital input can be up to 15 percent based on the principles and the formula for the pricing of electricity if a power company operates in a normal way. A sound business performance can even bring about higher returns.

Fourth, environmental protection. Electricity in China is mainly generated by thermal or hydroelectric power stations. Therefore, this issue must be taken into consideration. Hydroelectric power stations and coal-fired power plants dominate the energy source at present in China. Special environmental protection standards are now in place for coal-fired power stations. The appraisal and approval procedure regarding environmental protection has been set by the state to govern construction, expansion and re-construction of power stations. The procedure involves an inspection by the Ministry of Power Industry and final approval by the National Environmental Protection Agency.

The Shandong Huaneng Power Company has been introduced internationally and will soon be listed in the New York Stock Exchange, while the Huaneng International Electric Power Development Company, which has already been approved by the Securities Commission, will be listed in the United States in September. The two others will soon be available in the Stock Exchange of Hong Kong.

Insurance Market Opens Wider to Foreign Companies

HK2507014394 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 24-30 Jul 94 p 1

[By Ren Kan: "Door Opens A Bit Wider To Insurers"]

[Text] China is gradually opening segments of its insurance market to overseas companies.

The latest overseas entry approved by the People's Bank of China earlier this month is the Tokio Marine and Fire Insurance Co, which will open a branch in Shanghai and be permitted to offer such non-life insurance products as personal accident insurance to foreign-funded ventures in that city.

It is the second overseas firm to be allowed to engage in insurance in China after the American International Group, which received permission in October, 1992.

Tokio Marine opened a representative office in Beijing in 1980. It was the first foreign insurance company with such an office.

The central bank's latest move was hailed as "encouraging news" by other foreign insurance companies hoping to gain a foothold in China.

Guang Bowen, chief representative of the Lincoln National Beijing office, said the American insurer believes the news proves China is gradually opening its insurance market as it has promised.

Tian Feng, chief representative of Zurich Insurance's Beijing office, said he hopes the central bank will continue taking such steps.

Tian said his company has applied to the central bank to open a branch in China.

Tian's company is only one of the foreign insurance firms seeking a licence to conduct business.

An official with the People's Bank of China said that the central bank has received similar applications from foreign companies around the world.

But the official, who asked not to be identified, said the central bank hasn't decided when to grant the next licence.

He stressed that allowing foreign insurance firms to conduct business in China is still in the experimental stage and can't be rushed.

Hiroaki Ebihara, chief representative of Tokio Marine's Beijing office, said that his company has a long-term strategy in China's market.

The Shanghai branch, expected to open in September, will not be expected to make profits initially. But Ebihara said he believed that it will turn the corner to profitability in a few years when more foreign-funded firms set up in Shanghai.

He pledged his company will not compete with domestic insurance companies by lowering premium fees. Instead, it will mainly rely on world-class service.

He said his company will bring more insurance technology into China, which will result in a boost to development of the country's insurance industry.

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Allowing more foreign firms into China has also attracted the attention of domestic insurance firms who have realized that the invasion of foreign insurance firms is becoming inescapable.

To compete with foreign firms, the only thing Chinese companies can do is to expand their insurance offerings and improve service, said an official with the People's Insurance Company of China.

Ebihara said the People's Insurance Company of China would probably find its market share falling as foreign firms entered. But, on the plus side, he said, the State insurer might see its premiums increase as more insurance products are created.

Trade Official Sees Increasing Overseas Investment

HK2507014194 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 24-30 Jul 94 p 1

[By Wang Yong: "China's Overseas Investments Expected To Increase"]

[Text] China's investment overseas is expected to gain steam even as the country remains one of the world's leading pools of capital input.

The Ministry of Foreign Trade and Economic Cooperation (Moftec) by June had approved \$5.2 billion in direct investment abroad by Chinese firms over the past 15 years, according to Moftec official Wu Juren. Fifteen years ago, the nation's investment overseas was almost none.

Wu said the actual investment overseas by Chinese so far is probably far bigger than Moftec estimates, given that many local companies do not report their activities to Moftec.

Wu estimated total reported assets of Chinese companies abroad have climbed to around \$20 billion.

Investing overseas is an effective way to use foreign capital because most Chinese projects overseas also involve capital from local partners, he explained.

"We mainly encourage investment in high-tech projects and those that develop resources needed by China," Wu said.

The processed resources can be sold on both local and international (including Chinese) markets, he explained.

By the end of June this year, China had set up 1,704 non-trading enterprises overseas with Chinese investment totalling \$1.7 billion.

Meantime, 2,853 trading ventures have been established, with Chinese partners forking over \$3.47 billion. Thus, the two figures total close to \$5.2 billion.

But most of these ventures are of small and medium scale. And Wu suggests that more large business groups be formed overseas in the future.

The non-trading ventures, to which Chinese partners mainly provide equipment, technology and raw materials, cover a wide range of sectors such as natural resource development, transport, finance and other services.

Wu said the unification of the country's two-tier foreign exchange rates as of the beginning of this year will boost China's direct investment overseas.

"Under the new, single-rate system, Chinese companies have easier access to foreign exchange than before," Wu explained.

Therefore, Chinese companies can expect to have more cash when it comes to investing abroad.

Wu predicted that China's investment overseas will continue to develop if access to the General Agreement on Tariffs and Trade (GATT) is granted.

At present, the bulk of Chinese investment has ended up in developed regions, where financial and trade policies are favourable.

He said Hong Kong and Macao, North America, the South Pacific and Southeast Asia are the leading havens for Chinese capital.

The Chinese presence in the markets of Western Europe and Africa is relatively smaller, Wu noted.

Among the emerging markets for Chinese investment, Wu billed the former Soviet republics as one of the most promising.

So far, China has invested about \$300 million in more than 600 ventures in that region, he revealed.

'Stable' Exchange Rate Boosts Investor Confidence

HK2507074694 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 24-30 Jul 94 p 3

[By Shuang Mu: "Stable Exchange Rate Instills Confidence In Reforms"]

[Text] Following dramatic changes, China's foreign exchange market witnessed brisk trading and renminbi stabilization in the first half of the year.

Narrow fluctuation in the renminbi's exchange rate has instilled investors' confidence in reforms carried out in the first part of the year.

By the end of June, \$11.7 billion and HK5.4 billion [Hong Kong dollars] (\$729 million) had been traded in the Shanghai-based China Foreign Exchange Trading Centre.

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The country's foreign exchange market witnessed a two-stage reform in the first half of the year since the country unified its dual-rate system in January.

At the first stage, local trading of foreign exchange was done at a local rate in advance of being connected to international exchanges.

Trading and rates in the country's largest market—the Shanghai foreign exchange centre—were stable in the first two months of this year.

But the rate changed frequently in March when the China Foreign Exchange Trading Centre began trial operation.

Some enterprises still held a wait-and-see attitude toward the exchange reform, doubting the central bank's ability to stabilize the market.

So traders were reluctant to sell their hard currency.

Since the trading system was still in trial operation, problems in the trading scheme aroused doubts.

But things have moved on the right track after the trading centre officially opened in April.

The establishment of the centre is a strong indication that China is achieving its goal of setting up a controlled floating exchange-rate system.

Analysts said the reform in the foreign exchange market is one of the important parts in the country's overall exchange reform.

That will ensure banks can buy and sell foreign exchange smoothly.

The unified market has also created a way for the central bank to conduct macro-economic control through buying or selling foreign exchange.

Foreign exchange rates have fluctuated narrowly since April. The renminbi has even enjoyed a moderate appreciation since then.

The rate stood at 8.6618 yuan against \$1 at the end of last month, compared with almost 8.7 yuan on April 4.

The stabilization of exchange rates in the first half of this year has enhanced people's confidence in foreign exchange reform, analysts contend.

Imports of Machinery, Electrical Equipment Increase

HK2507075694 Hong Kong EASTERN EXPRESS in English 25 Jul 94 p 26

[By Wang Xiangwei]

[Text] China's imports of machinery and electrical equipment are expected to post a significant increase for the whole of 1994, a senior official from the Chinese Ministry of Machinery-Building Industry says. Zheng Guowei, the ministry's official in charge of imports of

those products, was quoted as saying that the hefty increase was projected because a number of large infrastructure projects in China had entered their peak construction period this year, according to the leftist Huanan Economic Journal.

In the first five months, imports of machinery and electrical goods rose by 27.7 percent to US\$20.04 billion (about HK\$156.3 billion) [Hong Kong dollars] compared with the same period last year. The growth rate has been achieved at a time when China has trimmed the overall growth rate of its imports to about 18 per cent for the first half of this year in a bid to narrow the trade deficit. It also comes as Zheng's ministry and the Ministry of Foreign Trade and Economic Co-operation are trying to replace rigid administrative controls over imports with international management practices, such as quotas, tariffs, unified currency-exchange rates and open bidding. Zheng said that the ministries would phase out most of the administrative controls in the next two to four years. But he said that the quota and tariff system to be introduced was necessary to protect domestic industries and was also in line with the principles of the General Agreement on Tariffs and Trade (GATT), the world trade body China aspires to join. The import of 18 products—including automobiles, motor bikes, video cassette recorders, computers and air conditioners will be restricted by quotas.

The US trade representative's office, in a report released in late March, said it welcomed the elimination of the system of "controls" but took exception to China's decision to subject up to 171 machinery and electrical products to a registration requirement and "unacceptably vague tendering requirements". Those controls cover textiles, telecommunications, electronics, shipping and machine tools. It said that it was discussing improvements in the tendering regulations with the Chinese government that would bring the regulations up to standards of the GATT government procurement code.

The import of machinery and electrical products accounted for nearly half of China's total imports. In the first 11 months of last year China imported US\$41.03 billion worth of machinery and electrical products, up 44.9 percent year-on-year.

MOFTEC Issues Regulations for Foreign-Funded Firms

HK2307075694 Beijing ZHONGGUO XINWEN SHE in English 0428 GMT 23 Jul 94

[Text] Beijing, 23 Jul (ZHONGGUO XINWEN SHE)—China's Ministry of Foreign Trade and Economic Co-operation [MOFTEC] has promulgated new regulations on the import and export of foreign-funded enterprises. The following is the main content of the regulations.

First, foreign-funded enterprises can only export their own products and import production-related equipment,

raw materials, spare parts, etc. Without the relevant departments' approval, they are not allowed to acquire the products or act as the export agency of other enterprises, or import commodities for local sale or exchange.

Second, to export products which are within the scope of the export quota license must be approved by the Ministry of Foreign Trade and Economic Co-operation, and the annual export quantity should not surpass the planned quota. Furthermore, foreign-funded enterprises are prohibited to buy an export license from any foreign trade companies. Otherwise, both parties involved in the transactions will be penalized.

Third, foreign currency earned by the Chinese side of a foreign-funded enterprise should be settled in accordance with the related regulations. Be on guard against the malpractice of some foreign-funded enterprises to intercept the foreign currency which should have been submitted to be used abroad through their subsidiary foreign trade companies.

Fourth, when attracting foreign investment and approving foreign-funded enterprises, the departments concerned should encourage setting up export-oriented enterprises. Encouragement should be given to those enterprises which expand their export and make more foreign currency so as to achieve balance of income and payment of foreign currency and use more raw materials and spare parts that are made in China.

Rural Firms 'Surge Ahead' as Leading Exporters

OW2307142394 Beijing XINHUA in English 1232 GMT 23 Jul 94

[Text] Beijing, July 23 (XINHUA)—Chinese rural industries are expected to earn more than last year's 30 billion U.S. dollars in foreign exchange, or about one-third of the country's annual foreign exchange earnings.

The rural industries delivered about 118 billion yuan (about 13.1 billion U.S. dollars) worth of goods for export in the first half of this year, 55.2 percent more than in the first half of 1993, said Qi Jingfa, director of the township enterprises department of the Ministry of Agriculture.

The industries grew by 44.8 percent, with the total industrial output value reaching 1,210 billion yuan during the first six months of this year.

The rural firms in Jiangsu Province delivered 35.9 billion yuan worth of goods for export during the first six months of this year, followed by Guangdong, Shandong and Zhejiang Provinces, which sold about 16.9 billion yuan-worth of goods to foreign trade companies or overseas businessmen.

Chen Yaobang, vice-minister of the State Planning Commission, said that the total volume of goods delivered by rural firms increased to 235 billion yuan in 1993 at an average annual rate of 60 percent from 9.9 billion yuan-worth in 1986.

Officials attributed the rapid increases to increasing overseas investment in China and the competitiveness of products manufactured by the rural firms.

The contracted overseas investment in foreign-funded rural firms totaled 11.5 billion U.S. dollars, including the actual investment of five billion U.S. dollars in Guangdong.

The number of all export-oriented rural enterprises in 1993 reached 134,000, compared with only 2,000 in 1990.

Experts said many labor-intensive firms have moved from Taiwan, Hong Kong, Singapore and South Korea to coastal areas in the Chinese mainland as a result of rising labor costs and land.

Advanced technology and equipment are also attributable to Chinese rural firms' competitiveness.

Zhejiang Synthetic Fibre Plant, a township enterprise in coastal Zhejiang Province, were equipped with machines imported from Germany and Japan.

With a production capacity of 20,000 tons of polyester fibre, the plant is the best-equipped in China's textile industry.

The plant is just one of many examples in coastal Guangdong, Jiangsu Provinces and other developed provinces.

Higher profit is another reason why rural firms are much more interested in exports.

Analysts believe Chinese rural firms will continue to surge ahead as the country's leading export producers.

Pudong Economic Zone Sets Record for Exports

OW2207194194 Beijing XINHUA in English 1424 GMT 22 Jul 94

[Text] Shanghai, July 22 (XINHUA)—The new Pudong area, China's largest economic zone, exported a record of 769.6 million U.S. dollars-worth of goods in the first six months of this year.

Its export accounted for 18.5 percent of Shanghai's total, up from 13 percent in the same period of last year.

Pudong, which is expected to lead in the transformation of Shanghai's industrial and financial sectors, has 65 enterprises empowered to handle their own import and export trade.

These enterprises exported 193 million U.S. dollars-worth of goods in the first six months of this year, accounting for one third of the area's total, up from one fifth in the same period of last year.

In addition, Pudong's 116 foreign-funded enterprises exported 110 million U.S. dollars-worth of goods in the January-June period, accounting for 13.4 percent of Shanghai's total, up from 11 percent last year.

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Of the goods exported by Pudong, textiles rank first, followed by machinery, light industrial goods and hardware.

Japan is the biggest importer of Pudong's goods, and Hong Kong, Canada and the United States rank second, third and fourth, respectively.

Unions Urge 'Tougher Action' Against Foreign Firms

*HK2407082794 Beijing CHINA DAILY in English
23 Jul 94 p 3*

[Report: "Unions Urge Action Over Worker Safety"]

[Text] Trade union leaders in Guangdong have called for tougher action against overseas firms who ignore safety regulations in the workplace.

The death toll in the South China province has already reached 136 this year, with 255 injuries, 121 of whom have been seriously wounded.

A staggering 127 of these deaths and 82 injuries were reported to have taken place in foreign-funded enterprises.

Guangdong boasts more than half of the country's 177,000 registered enterprises with investment from overseas.

Trade union officials from Shenzhen, Zhuhai, Shantou and Guangzhou discussed the situation at a conference held in Guangzhou earlier this week.

The biggest accident happened in Zhuhai on June 18 where hundreds of workers were buried when a building collapsed.

Some 83 workers of the Hong Kong-funded Yuxin Textile Mill died and another 128 were wounded.

Each of the bereaved families received 90,000 yuan (\$10,344) as compensation.

At the meeting trade union officials attributed industrial accidents to some foreign employers who they said simply ignored workers safety.

They said that many employers had no sense of insuring workers physical safety and failed to adopt the necessary safety measures.

The union leaders also blamed some local authorities for failing to recognise inadequate safety regulations in the overseas-funded enterprises.

They said that some employers simply ignored the notices from local safety agencies asking them to remove hidden perils, such as blocked emergency exits and overloaded circuits.

The workers, mostly rural labourers without much training, knew little about how to act in an emergency and were often ignorant of the safety regulations.

Furthermore, most economic zones begun to operate and admit investors before the necessary fire-precautions and emergency rescuing systems had been established.

They said that when fire broke out workers were often unable to find water supplies or fire extinguishers. Organized trade unions can be an effective way of preventing calamities, the All-China Federation of Trade Unions (ACFTU) said.

As the country's top labour organizer ACFTU has attended all accident investigations in recent years.

The union takes responsibility for rectifying lax safety measures and improving workers knowledge of safety regulations.

But only 16.9 per cent of overseas firms have introduced union branches, although ACFTU's goal remains to establish greater representation in these companies.

Nation Produces 737,000 Automobiles in First Half

*OW2207183494 Beijing XINHUA in English 1522
GMT 22 Jul 94*

[Text] Beijing, July 22 (XINHUA)—In the first six months of this year China produced a total of 737,000 automobiles, up 3.9 percent from the same period of last year, with a sales volume of 690,000.

The output and sales of sedans continued to rise. In the first half of the year 127,000 cars were produced, up 8.78 percent from the same period of last year; and 122,000 were sold, up 8.56 percent.

Sources from the Automobile Department of the Ministry of the Machine-Building Industry said that with the implementation of the state's various reform measures and the new automobile industry policy, auto enterprises have actively readjusted their product structure and developed the market.

Statistics show that from January to June the auto industry achieved a total industrial output value of 72.16 billion yuan, up 22 percent from the same period of last year; and the sales income was 68.65 billion yuan, up 20.4 percent.

A prominent characteristic of China's auto industry in the first half of this year was that the output of diesel engines increased by 81.61 percent over the same period of last year to hit 207,000 units, while the output of gasoline engines fell by 6.72 percent to 448,000.

Domestic Auto Sales Down in First Half

*HK2307072094 Beijing CHINA DAILY in English
22 Jul 94 p 2*

[By Chang Weimin: "Auto Sector Sales React to Quality"]

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[Text] Efficient automakers have gained a greater share of the market in China, at the expense of old fashioned, inefficient producers, according to a government report.

But the trend also reflected an unexpected drop in purchases of motor vehicles by Chinese enterprises. Because of slowing demand, sales during the first six months of the year rose only one percent over the same period last year. Heavy truck production actually dropped 5.6 percent. Sedan production fell 38,200 units below earlier government estimates.

On the positive side, Zhang Xingye, president of the Society of Automotive Engineers of China (SAEC), said the latest statistics raised hopes that internationally competitive automakers will make their appearance in the country sooner than previously anticipated.

He foresees that the growing competition will force plants that churn out poor automotive products to go out of business.

According to the Ministry of Machinery Industry, 673,500 sedans, vans, trucks and buses were produced in this year's first half, up 2 percent over the same period last year.

Sales in these months totaled 638,700 units, up 1.07 percent.

Last year's January-June production amounted to the largest increase in the country's history.

A closer look at the latest statistics indicates that larger enterprises, such as the Shiyang-based Dongfeng Motor Group and the Changchun-based First Automobile Works, have done well in turning out both light and heavy motor vehicles. But production has fallen at other, less efficient firms.

If the trend continues, development of efficient enterprises will accelerate, while plants that churn out poor vehicles will go bankrupt soon, Zhang said.

Between January and June, production of light trucks dropped 4.7 percent, and heavy truck output declined 5.6 percent.

The Shiyang-based Dongfeng Motor Group, which ranked second in heavy duty truck production last year moved to first place this year by assembling more than 6,400 units, up 13.4 percent over the same period last year.

The group, which has incorporated advanced technology from Japan's Nissan Diesel and the United States' Cummins Engine, is expected to manufacture 13,000 to 14,000 8-ton trucks this year.

The Changchun-based First Automobile Works has also increased its production of heavy-duty trucks.

The impressive production by the two manufacturers increases China's prospects for a profitable, independent automotive industry.

Plants that introduced overseas manufacturing techniques have also flourished as producers of light and mini-size vehicles.

A plant that used funds and manufacturing methods from Japanese Nissan produced 6,200 one-ton pickup trucks, up 75 percent. The trucks sell well because they meet Chinese requirements.

An estimate says about two-thirds of the country's 130 automotive plants probably lost money during the first half of this year.

That will help the State readjust the industry, some of which suffers from disadvantages due to scattered sites, inefficiency, and slow, poor quality production.

China has 130 auto plants. State policies issued early this month encouraged eight to 10 enterprises to become stronger by the year 2000 and then be reshuffled into three to four competitive giants by 2010.

A weaker market intensifies competition and also helps efficient enterprises outdo old-fashioned product makers, Zhang said.

Electronics Production Up 31.2 Percent

HK2507073094 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 24-30 Jul 94 p 1

[By Xiao Pei: "Electronics Production Soars Ahead Of Consumers"]

[Text] China's electronics industry is soaring.

During the first half of the year, production in the industry reached 82 billion yuan (\$9.5 billion), up 31.2 percent over the same period of last year.

Total sales jumped 28.7 percent to hit 62.5 billion yuan (\$7.2 billion) in the first six months, according to statistics from the Ministry of Electronics Industry.

While production has been increasing rapidly, national purchasing power is weakening due to the government's tight credit policy.

As a result, the sales of some products are declining and stockpiles are growing.

Production of capital goods grew by 30 percent to reach 16.9 billion yuan (\$1.95 billion).

Production of consumer electronic goods grew 35.6 percent, with output hitting 36.3 billion yuan (\$4.2 billion).

Production of electronic components recorded a growth of 34.2 percent to 28.7 billion yuan (\$3.3 billion).

Large and medium-sized State-owned enterprises also increased production: 28.6 percent to 54.9 billion (\$6.35 billion).

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Foreign-funded electronics enterprises are expanding rapidly. Their output soared by 83.2 percent to reach 12.4 billion yuan (\$1.43 billion) during the first half of the year.

But the production increases haven't always been matched by sales increases. The stockpile of fax machines grew by 78.8 percent in the first half of the year, video cassette recorders by 140 percent and television sets by 130.8 percent.

Officials said that the government is making efforts to build the electronics industry into a pillar of the national economy in 10 years.

They predicted that the industry will keep growing at a rate of 22 percent to 25 percent each year through the end of the century.

By the year 2000, total production of the electronics industry is expected to total between 500 and 600 billion yuan (\$57.8 and 69.5 billion).

Last year, the total output of the industry was about 140 billion yuan (\$16.2 billion).

Meanwhile, China's market for electronics products will expand by more than 25 percent each year, they estimated.

The domestic market will grow to over 700 billion yuan (\$80.9 billion) by the year 2000.

The priority of the industry will be placed on integrated circuits, new components, computers and software, telecommunications equipment and developing new information networks.

Currently, the production of integrated circuits, telecommunications equipment and computers is far behind the developed world.

Officials said that the government will invest billions of dollars in the next few years to develop integrated circuits, which are the basis for the whole industry.

They predicted that the output of integrated circuits will grow at a rate of over 30 percent annually in coming years to 1 billion units by the year 2000.

China produced about 170 million integrated circuits last year, only 0.4 percent of the world total.

Foreign Funds Used To Develop Power Industry

OW2407032994 Beijing XINHUA in English 0208
GMT 24 Jul 94

[Text] Shanghai, July 24 (XINHUA)—Foreign funds are playing an important role in alleviating the power shortages in areas along the Chang Jiang river.

The Chang Jiang river belt, which stretches from southwest to east China, is one of China's most important economic areas. Its economic development speed is

shooting ahead of that of the development of the electricity industry owing to a shortage of funds.

So far, Shanghai, China's largest industrial city, which lies on the lower reaches of the Chang Jiang, has utilized about 300 million U.S. dollars in foreign funds in constructing the Shidongkou No.2 power station and Wujin Thermal Power Plant, which have a total installed generating capacity of 2.72 million kw.

In recent years Anhui, Jiangsu and Zhejiang Provinces, and Shanghai have agreed upon 18 power projects with firms from the United States, Britain, Germany, Singapore and Hong Kong. The projects will have an installed generation capacity of 16.3 million kw.

To date, the provinces and Shanghai have utilized more than one billion U.S. dollars in foreign funds to increase the installed power-generation capacity by 4.1 million kw. Provinces on the upper and middle reaches of the river, including Sichuan and Hubei, are also speeding up the use of foreign funds to develop electricity.

The use of foreign funds is in the forms of international commercial loans, direct investment and inter-bank loans from international financial institutions. Earlier this year the Yangzhou No. 2 power plant in Jiangsu borrowed 120 million U.S. dollars from Japan, the United States and Germany.

According to officials of electricity departments, each of the generation units involving foreign funds has on average a generation capacity of between 300,000 kw and 600,000 kw.

China's electricity industry will grow at an annual speed of between eight percent and nine percent in the next five years, according to experts. The speed will be higher in the Chang Jiang River area—which means it will need more electricity.

Jiangsu, Zhejiang, Shanghai and Anhui plan to develop 22.8 million kw with foreign funds, 70 percent of their present installed generation capacity.

In Sichuan Province generation units with a capacity of ten million kw will be built within seven years, which will need 73 billion yuan.

Since last year more than 100 overseas financial groups and companies have contacted the province about investing in the local electricity industry.

437 Billion Kwh of Electricity Generated Jan-Jun

OW2207142794 Beijing XINHUA in English 1357
GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—China produced nearly 437.4 billion kwh of electricity in the first half of this year, up 11 percent from the same period of last year.

According to statistics released by the Ministry of Power Industry today, this figure accounts for 54 percent of the projected total for this year.

By June 30, China's thermal power output had reached 360 billion kwh, while hydroelectric power surpassed 70 billion kwh.

An official with the Power Ministry, in analyzing power production in the January-June period, said that increases in electricity output of China's major grids differed markedly due to disparities of power demand in different areas.

The east China grid, the biggest in the country, registered an increase of 10 percent in electricity output, which was close to the country's average, he said.

However, he said, power production in the southern provinces of Guangdong, Hainan, Guizhou and Yunnan soared by more than 20 percent.

He also noted better electricity quality and a drastic decrease in power cuts over this period.

The ministry foresees a big gap between power demand and supply in the coastal regions and in the relatively developed areas in the next six months.

As for the country as a whole, electricity generation is expected to hit this year's target of 890 billion kwh, 8.5 percent more than last year, a figure that is considered to match the development of the national economy.

By the end of June, another 3.6 million kw of generating capacity, or some 30 percent of the state-set target for 1994, was put into operation.

In the end of last year, China ranked fourth in the world in terms of power-generating capacity and annual power production, which stood at 180 million kw and 837.4 billion kwh, respectively.

Yet China ranked the 80th in the world with regard to per-capita generating capacity and power consumption, which were less than one third of the world's average.

China is trying to synchronize the expansion of the power industry with its rapid economic growth. Experts expect the prevalent power shortage to be substantially eased by the end of this century, when the total generating capacity is planned to reach 300 million kw.

More Efficient Coal Use Can Reduce Pollution

HK2507062794 Hong Kong EASTERN EXPRESS in English 25 Jul 94 p 9

[Article by Patrick O'Reilly, specialist researcher in energy in China: "Clean Coal Can Reduce Pollution"]

[Text] In arguing for a massive expansion of China's nuclear power programme as an answer to China's energy crisis and environmental pollution, Robert Delfs managed to confuse a number of environmental issues

and avoided what is probably the most important consideration to the Chinese themselves: the cost of it all. Delfs' argument was as follows: At present, 75 per cent of China's commercial energy comes from burning coal. Demand for energy in China is growing prodigiously and growth rates suggest that it will surpass the United States as the world's biggest consumer of energy by 2017.

The air and water pollution currently poisoning China and the region comes from the sulphurous effluents of fossil fuels—burning coal. Activists grossly exaggerate the impact that conservation measures and energy saving technology can have for developing countries. So without a serious expansion of nuclear power, China will burn more coal, causing more pollution which will be a disaster for China and everyone living there. Nuclear power cannot replace coal in China, but it can reduce the additional amount of coal needed.

The first distinction that needs to be made is between energy production and electricity generation. Electricity is a form of energy, but it is not energy per se. Coal accounts for 69 per cent of China's poisonous particle emissions, but the reason why this is so high is that less than one-quarter of the coal used in energy production is used for generating electric power! Beijing, for instance, consumes more coal than any other city in the world and 80 percent goes for heating domestic households and for cooking. Coal is indeed a culprit in causing environmental pollution but not necessarily the coal burned by power stations. That is why the big environmental debate in Beijing right now is about cooking stoves not power plants.

Less than one-fifth of Chinese coal is washed because this would increase costs; as a result, cheap domestic coal is dirty and burns badly, causing pollution. What though of industry? It is true that industry emits more sulphur dioxide from burning coal then does domestic consumption. However, domestic emissions do more harm to urban populations due to the use of small household chimneys.

Still, China's heavy industries relying on outdated plants with poorly maintained coal furnaces and antiquated industrial boilers, have a lot to answer for. In China, 431 grams of coal are burnt for every kilowatt hour of energy produced—100 grams more than developed countries, so it is not correct to say that potential savings are grossly exaggerated by environmental activists. Currently, coal consumers tend to use whatever coal they can get their hands on, regardless of whether it is appropriate. The ash content of much of the coking coal used in the steel industry is so high that some enterprises received permission to import better quality supplies from Australia.

Using Chinese coal, it has been estimated that steel production required 40 per cent more energy than in the West, cement production 66 per cent more and ammonia 83 per cent more. So while coal may be the culprit, does it mean that an expansion of the power generation industry based on coal would inevitably

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mean an increase in pollution? The answer is "no" for a number of reasons. I am not pretending that coal burning power stations have not been a major cause of air pollution. However, the thermal power plants that are guilty of poor environmental standards are the older ones, often dating back to the 1950s and 1960s using Russian technology.

China's modern plants are far more efficient and environmentally sound. Furthermore, China's power generation industry now has access to the nation's best coal with sulphur emissions of only 1 percent. The power industry is also upgrading older plants adding precipitators and scrubbers to reduce emissions and thus pollution. Furthermore, China is doing feasibility studies on importing the West's latest integrated gasification combined cycle (IGCC) technology which if adopted would meet the highest environmental standards.

As both the coal and energy markets become deregulated, it becomes simply uneconomic not to use the best, most efficient coal as well as ensure that your plant is cost-efficient. Simply put: to allow pollution at modern power stations is a waste of money. If, as we are told, joint venture build-operate-transfer (BOT) plants are the future of China's power generation industry, you can be sure that they will meet every international environmental standard. Ironically, the biggest obstacle in the way of thermal power generation is not poor coal and pollution problems, but transportation. China's overburdened transportation system just cannot cope with the increase in demand for coal and whether it will be able to get the volume of coal needed to the power stations from the coal fields is doubtful.

What of nuclear power, then? Delfs suggests that China must have access to the most advanced nuclear technology. It does. What it is not willing to do, however, is pay the price. Nobody is stopping China from importing the most modern nuclear plant, but the Chinese themselves recognise that they cannot afford it. For example, the installed plant cost of the non-nuclear IGCC technology that China is now considering buying from the US is about US\$900-1,500 (HK\$7,020-\$11,700) [Hong Kong dollars] per kilowatt. A standard nuclear pressurised water reactor (PWR) can cost between US\$2000-2500 per kilowatt. The cost of a significantly expanded nuclear industry would be astronomical. As it is, the government is hoping that half the funding for China's next nuclear plant at Lingao in Guangdong is going to come through revenue raised by the Daya Bay nuclear plant.

Given a market economy, the cost of electricity produced by nuclear power would be more expensive than that of thermal generation and the government does not have the money to foot the bill. Delfs makes the point that the US has 560 nuclear plants supplying 20 per cent of that country's electricity. If China does indeed surpass the US in energy consumption sometime between 2008 and 2017, is he really suggesting that China should have

hundreds of nuclear plants by then? The year 2008 is only 14 years away. I have no doubt that China can produce as good a nuclear engineer and technician as any other country, but it takes time and experience to build up from a few small nuclear plants to an industry comparable to that of France or the US. China is just not ready for it, it cannot afford it and the Western capital markets and world banks will just not finance it.

So what is the answer to China's energy crisis? There is no easy answer. China's hydroelectric potential is significant, though like nuclear power its costs are prohibitive. Though Delfs points out that it only provides 4.5 per cent of China's commercial energy, it also accounts for more than 20 per cent of China's electricity. Sixty-five hydroelectric power plants are being planned in the southwest alone, and financiers and foreign companies are far more at ease—as are the Chinese themselves—with tackling hydroelectric projects than considering the nuclear option. More resources must be devoted to hydroelectricity and significant investment must be made in developing transmission lines and integrating regional grids.

However, none of this will decrease environmental pollution. This will only come from upgrading the whole industrial infrastructure so that it becomes more coal energy and electricity efficient and conforms to China's own environmental protection laws. Domestic coal will have to be washed and gradually electricity will have to replace coal for heating and cooking. Unfortunately even if all of this is achieved, China will still have a long way to go to reverse decades of environmental neglect, but it will be a start.

It looks, therefore, like coal is going to remain king for the foreseeable future, and the expansion of the nuclear industry is not the answer. At the end of the day, even if China can stick to its own nuclear blueprint—which is questionable—nuclear energy will provide no more than 6 per cent of its electricity by 2020. That is probably the way it should be.

Rising Copper, Aluminum Prices To Slow in 2d Half

HK2507074594 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 24-30 Jul 94 p 8

[By Jin Ye: "Slower Price Increases Seen For Copper, Aluminium"]

[Text] Rising prices for copper and aluminium should slow in the second half of the year to a 7 percent annual growth rate, government officials say.

Prices rose 5 percent in the first half of the year, according to the State Information Centre.

The centre predicted the rest of the year would see more balanced supply and demand, which would help keep price increases down.

In June, the price of aluminium jumped 30 percent over that in April to reach 17,000 yuan (\$1,954) per ton in Shenzhen.

The price of copper climbed to more than 22,000 yuan (\$2,529) per ton around the country in June, compared with 19,000 yuan (\$2,184) at the beginning of the year.

Officials say the main factor causing copper and aluminium prices to rise is declining production, which has restricted supply.

In the first four months of the year, the country's copper production fell 5.1 percent compared with the same period last year due to restructuring of major enterprises.

Coupled with falling domestic output, the import of copper and aluminium plummeted 52 percent and 60 percent respectively during the first four months compared with last year.

The year's total consumption of aluminium is expected to reach 1.4 million tons 4.4 percent above last year's 1.35 million tons.

Soaring international prices have impacted domestic markets, the information centre reports.

Without the government's macro-control policy, the raw materials market would have experienced even stronger fluctuations.

This year the government has outlined a plan to increase fixed-assets investment by 10 percent to 1,400 billion yuan (\$161 billion).

Last year, fixed-assets investment growth was, at 54.2 percent, a major factor for the rising inflation.

Officials predict stability in other markets such as coal, timber, cement and vehicle market over the second half of the year.

This year the country is expected to produce 1.17 billion tons of coal.

In the first half of the year, the price of coal increased dramatically thanks in large part to a partial freeing of coal prices and the new tax system, which increased costs for coal production. Due to sliding demand expected by officials, the price of timber should be weak the rest of the year.

In the first four months of the year, timber production jumped 3.7 percent, while imports fell 4.8 percent from last year.

Fuels and some chemical products including rubber and polypropylene are expected to experience greater demand later this year, the information centre says.

Rising prices for these products has resulted from a shortage of necessary raw materials in declining imports.

In May, raw materials prices fell 2.6 percent over the same month last year, compared with a 15.8 percent rise

in January, 10.3 percent rise in February, 5.2 percent rise in March and a zero growth in April.

In June, copper and aluminum prices respectively rose 2.7 and 6.8 percent over the beginning of the year.

English-Language Weekly for Chemical Industry Published

OW2207140694 Beijing XINHUA Domestic Service in Chinese 0819 GMT 12 Jul 94

[By reporter Sun Jie (1327 2638)]

[Text] Beijing, 12 Jul (XINHUA)—CHINA CHEMICAL INDUSTRY WEEKLY, which is China's first English-language industry weekly, was published in Beijing recently.

It is reported that the English-language weekly, sponsored by ZHONGGUO HUAGONG BAO publishers, will serve as a bridge between chemical industries at home and abroad by providing information on China's chemical industry to other parts of the world, and by integrating the former with the latter. The weekly will extensively report on achievements in China's chemical industry, the development of China's chemical industrial market, and scientific and technological findings in the chemical industry.

Grain Production Down 4.6 Million Tons From Last Year

HK2507073694 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 24-30 Jul 94 p 8

[By Wu Yunhe: "Grain Yield Drops By 4.6M Tons"]

[Text] A last-minute spurt by farmers failed to push the summer grain yields to last year's 108.6-million-ton mark.

The State Statistics Bureau last week announced that grain output dropped 4.6 million tons from last year to 104 million tons this summer, negating predictions made by the government a month ago that this summer's grain output would be the same as last year's. All summer grain has been harvested.

Local analyst said, however, the output is satisfactory, considering the fact that, despite bad weather, the yield was higher than the 103.28 million tons of summer grain harvested in 1992 and only 98.41 million tons in 1991.

The less-than-expected production of the country's summer grain crops include wheat, early rice and maize, according to the bureau.

The Statistics Bureau said heavy rainfall in the low grain-growing lands of both northern and southern provinces hurt yields.

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This bad weather and an 8-million-hectare decrease in grain planting have conspired to erase farmers' hopes of following last year's bumper harvest with another this year.

But, the decrease in grain production should not lead to a decline in the growth of farmers' real per capita income this year, the bureau predicted.

During the first six months of this year, rural residents saw their real per capita income grow 13.3 percent from the same period last year. But the real annual growth was only 3.2 percent last year because of inflation.

Farmers' income should continue to grow in the months to come, the bureau's economists say, despite the slightly decreased overall harvest.

Economists say brisk farm produce sales will continue to bolster farmers' overall economic performance.

China's broad spectrum of agriculture means that while farmers in the North have almost finished harvesting summer grain, their southern counterparts have longer growing seasons and several crops to harvest every year.

The Ministry of Internal Trade said that the government's financial support has helped grass-roots commercial units purchase 15.4 million tons of wheat from the

country's 13 major grain producing provinces, fulfilling 91.7 percent of the government-set quota.

Major contributors to the ministry's grain purchase and the State grain reserves are the provinces of Hebei Shanxi, Jiangsu, Zhejiang, Anhui, Shandong, Henan, Hubei, Sichuan Guizhou, Yunnan and Shaanxi and Beijing Municipality.

Ministry officials said the grain purchasing work would continue for a couple of weeks.

Buying grain from farmers means a collective effort is made by not only the ministry but also the country's banks, the transportation network and favourable weather conditions.

In June alone, the Agricultural Bank of China, the country's leading arm for rural investment, lent nearly 10.2 billion yuan (\$1.2 billion) to grassroots commercial units for them to pay cash to farmers instead of IOUs for their grain commodities.

This year the bank's loans earmarked for grain purchases increased by 40 percent from last year because of farm produce price increases.

East Region

Jinan Military Region Commander Views Military Work

SK2307045994 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 22 Jul 94

[Text] On the morning of 22 July, the Jinan Military Region held a meeting at Bayi Auditorium, at which leaders of various major units who were attending the forum on studying volume three of the *Selected Works of Deng Xiaoping* and attending the group training for chiefs of staff and some 1,000 officers and men of the organs of the Jinan Military Region and of the units stationed in Jinan listened to the reports made by Zhang Taiheng, commander of the Jinan Military Region, and Song Qingwei, political commissar of the region, on strengthening the remolding of world outlook and creatively grasping the implementation of military work.

In his report, Zhang Taiheng pointed out: In creatively grasping the implementation of military work, leading organs play a decisive role. First, leading organs should have a good grasp of the starting point. This means they should think of and research problems and arrange for and guide the work starting from the endeavor of winning the local war. Second, leading organs should have a good grasp of the point of unity. This means they should think of one thing and work for one thing closely around the central work and the key tasks. Third, leading organs should have a good grasp of key points. This means they should perform their nuclear and leading role well. Only by so doing can they give full play to the overall functions of leading organs, creatively grasp the implementation of military work, and raising the building of the Jinan Military Region to a new level.

Song Qingwei set forth demands on the questions how the units of the Jinan Military Region should study well volume three of the *Selected Works of Deng Xiaoping*, should keep abreast of new situations and new tasks, and should strengthen the remolding of world outlook. He said: In remolding the world look, the most essential thing is to study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. At present, we should, on the one hand, comprehensively understand the dialectical relations between reform, development, and stability and should correctly grasp the overall situation of the party and the state in line with the reality of reform and opening up. On the other hand, we should do profound research for and be good at combining the study of the theory with the remolding of world outlook by proceeding from the realities of army building and the ideas of individuals in order to actually turn the process of studying the theory into the process of remolding world outlook.

Shandong Secretary Addresses City Party Secretary Meeting

SK2407050794 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 23 Jul 94

[Text] With the central subject of concentrating on studying work in the political and ideological spheres,

the provincial meeting of party committee secretaries from various cities and prefectures was held in Yantai from 22 to 23 July. The meeting pointed out the necessity of comprehensively implementing the party's basic line, truly grasping both economic construction and political and ideological work in a resolute manner, focusing all work on economic construction, and actually paying attention to the work in ideological and political spheres until remarkable results are achieved.

Jiang Chunyun made an important speech at the meeting. He pointed out that a correct appraisal should be made for the current situation in political and ideological spheres. While fully affirming the main trend, he also revealed existing problems and their reasons. Jiang Chunyun stated: To strengthen work in the political and ideological spheres, we should give priority to resolving the problems about ideas and to understanding leading comrades at all levels. By closely centering on the overall task for the work of the entire party, we should conscientiously study and tackle the new circumstances and new problems existing in political and ideological spheres, just like we do in studying and tackling the new circumstances and new problems emerging in reform, opening up, and economic development. We should also explore the law, ideological line, and methods to successfully undertaking political and ideological work.

On how to fulfill all the tasks for work in the political and ideological spheres, Jiang Chunyun stressed: At the moment, prominence should be given to ensuring work in the following eight areas:

First, regular political and ideological work should be ensured. All localities should pay attention to building the party's grass-roots organizations, the ranks of political workers, the fronts, and the systems; all localities should extensively launch all kinds of activities on spiritual civilization that are vivid, vigorous, and loved by the masses so as to constantly consolidate and expand the socialist front.

Second, the work of transforming social traditions should be ensured. We should use both positive and negative examples to energetically publicize new ideas, concepts, and customs of socialism as well as to reveal the ignorant, fraudulent, and harmful nature of feudal and superstitious activities.

Third, the management of religions should be ensured. We should conscientiously implement the party's religious policies and give protection to legitimate religious activities of believers. Religious activities must be launched within the scope stipulated by the Constitution, laws, and policies.

Fourth, measures for strengthening the struggle against the covered front should be ensured. All localities, coastal areas, and departments involving foreign affairs and nationals in particular must heighten their vigilance and intensify their consciousness in state security in order to achieve success in this aspect.

Fifth, the management of foreign-invested enterprises as well as individually run and private enterprises should be ensured. From now on, on the one hand we should continue to positively initiate three types of foreign-invested enterprises and encourage the development of individually run and private enterprises. On the other hand, we should actually strengthen management and standardize the behavior of enterprises in strict accordance with laws and regulations.

Sixth, the management of cultural markets should be ensured. We should grasp management with one hand and prosperity with the other in order to contribute the best spiritual works to the people.

Seventh, the comprehensive management of social order should be ensured. We should mobilize the strength of all of society to manage social order together. We should deal blows to all kinds of criminal offenses as severely and rapidly as possible according to the law. In particular, all criminal gangs, local tyrants, and evil forces that jeopardize public security should be resolutely destroyed.

Eighth, the work of opposing corruption and advocating administrative honesty should be ensured. We should launch the anticorruption campaign in a penetrating, sustained, and effective manner in line with the demands of the central authorities, and should further carry out the three tasks concerning anticorruption in order to achieve remarkable results.

Jiang Chunyun pointed out: To actually grasp both economic construction as well as ideological and political work in a resolute manner, the key lies in party building. We should further enhance the cohesive force, attraction, and fighting capacity of party organizations with a view to raising the province's political and ideological work to new heights.

Zhao Zhihao, deputy secretary of the provincial party committee and governor of the province, made a report on the province's current economic situation, setting definite demands on economic work in the second half of the year.

Attending the meeting were Li Chunting, deputy secretary of the provincial party committee and vice governor of the province; Han Xikai, deputy secretary of the provincial party committee; Li Zhen, chairman of the provincial people's congress standing committee; and Lu Maozeng, chairman of the provincial Chinese People's Political Consultative Conference committee. Also attending were standing committee members of the provincial party committee; secretaries of party committees of various cities, prefectures, and large enterprises; and principal responsible comrades of pertinent departments directly under the provincial authorities.

Shanghai's Huang Ju Calls For Ties With Other Provinces

OW2307204894 Shanghai WEN HUI BAO in Chinese
10 Jul 94 p 1

[Unattributed report: "During His Visit to the Four Provinces, Huang Ju Points Out That Shanghai and the Chang Jiang Valley Should Complement Each Other With Their Own Advantages on a Mutually Beneficial Basis and Develop in Coordination To Promote Joint Prosperity"]

[Text] During his recent visit to Hubei, Hunan, Jiangxi, and Anhui Provinces, Mayor Huang Ju pointed out that Shanghai belongs to the whole country. The whole country has supported the development of Shanghai and Pudong, and so Shanghai should serve the reform, opening up, and economic construction of the whole country, especially the Chang Jiang Valley. He said: Shanghai and the Chang Jiang Valley should complement each other with their own advantages on a mutually beneficial basis and develop in coordination to promote joint prosperity.

From 29 June to 9 July, the economic delegation of the Shanghai Municipal People's Government led by Mayor Huang Ju visited Wuhan, Changsha, Nanchang, Hefei, and other places. The Shanghai delegation had extensive exchanges with leading members of Hubei, Hunan, Jiangxi, and Anhui Provinces and responsible comrades of departments concerned. The Shanghai delegation held in-depth discussions with people from theoretical and business circles in those places.

Mayor Huang Ju and his party heard reports detailing the state of economic construction in the four provinces in recent years and seriously learned about successful experiences of those fraternal provinces and cities. On behalf of the Shanghai Municipal CPC Committee and the municipal government, Mayor Huang Ju expressed his heartfelt gratitude to the four provinces for their persistent support to Shanghai's economic construction and Pudong's development. During their visit, member of the Shanghai delegation also held discussions with comrades of the four provinces on how to strengthen economic cooperation between Shanghai and the Chang Jiang Valley under the new situation of the development of the socialist market economy.

In exchanging opinions with comrades of the four provinces, Huang Ju said: The economy in the Chang Jiang Valley occupies a very important position in our country's overall modernization drive. Promoting the economic development of the Chang Jiang Valley will have a very important bearing on gradually reducing the gap in development between the coastal and inland areas and on realizing the goal of common prosperity. Shanghai should actively support and promote the economic development of the Chang Jiang Valley and work in coordination to promote common prosperity. Huang Ju emphatically pointed out that it will be the day of

economic revitalization for Shanghai when the Chang Jiang Valley has achieved the goal of economic prosperity.

Huang Ju pointed out: The key to strengthening economic cooperation between Shanghai and the Chang Jiang Valley and promoting a new round of lateral economic ties lies in the establishment of a new operating mechanism. We should make a strategic adjustment to the production structure in various places according to the demand of establishing a modern enterprise system based on socialism. Various enterprises should take the lead in the adjustment with the government's support. We should promote a two-way flow of productive factors and establish a new type of relations of cooperation based on mutual benefit. In the course of cooperation, Shanghai should actively take part in the development of natural resources and the construction of infrastructure projects in areas along the Chang Jiang, promote a gradual shift in the production structure, set up cross-regional enterprise groups and chain stores, cultivate and develop various kinds of intermediate service units, give full play to Shanghai's role as a key city, and make efforts to serve economic development in the entire Chang Jiang Valley.

On their return trip, Mayor Huang Ju and his party made a special visit to the Meishan Metallurgical Company and extended their cordial regards to staff members and workers of the company who stood fast at their posts despite high temperatures this summer.

Shanghai Reorganizes Municipal Urban Planning Commission

OW2407223394 Shanghai WEN HUI BAO in Chinese
13 Jul 94 p 1

[Unattributed report: "Shanghai Establishes Urban Planning Commission Through Reorganization"]

[Excerpt] In keeping with Shanghai's long-term development goals in the 21st century, and to integrate economic, social, and urban development planning, the municipal party committee and government have decided to expand and reorganize the municipal Urban and Rural Construction Planning Commission into the Shanghai Municipal Planning Commission. The commission, which is a "three-in-one" body encompassing economic, social, and urban development planning, was created in keeping with Shanghai's reality, after the municipal party committee and government repeatedly studied the proposal for its creation. Mayor Huang Ju is the chairman of the commission, and Vice Mayors Xu Kuangdi and Xia Keqiang are vice chairmen. Other vice mayors, the secretary general and deputy secretaries general of the municipal government, and officials in charge of relevant commissions, offices, and bureaus under the municipal government are members of the commission.

The purpose of creating the commission is to make urban planning more authoritative, strategic, complete,

and standardized so that it will better satisfy the needs of socialist market economic development and play a more direct role in promoting coordinated urban, economic, and social development in Shanghai. The commission is mainly responsible for making policy decisions on major municipal plans, for submitting such policy decisions for examination and approval to higher authorities in accordance with relevant procedures, for coordinating overall regional planning, and for drawing up and revising major policies and principles for planning management.

Mayor Huang Ju chaired the commission's first meeting yesterday. He said: Since reform and opening up, the Shanghai municipal party committee and government have considered planning an important task. In recent years, the municipality has made new progress in planning, and district and county governments have increased their planning personnel. Specifically, we have hired many prominent Chinese and foreign experts and planning agencies in recent years to help Shanghai with its planning work. This fully demonstrates that Shanghai plays both the "China card" and the "world card" in planning, which is an important basic project.

After analyzing the current new situation in Shanghai's planning work, Huang Ju pointed out: Shanghai's overall planning work cannot keep pace with economic, social, and urban development, thus giving rise to some new circumstances and problems. Therefore, we should continue to strengthen leadership over planning, and promptly solve problems that have arisen in the course of reform, opening up, and development. We should emancipate our minds, seek truth from facts, and actively explore new planning methods during the transition from the planned economy to a new socialist market economic system. We should also find the optimum means for integrating planning for economic, social, and urban development, and continue to make the process of managing planning work according to the law more visible to the public. This will help adapt Shanghai's future plans to the requirements of "developing and opening up Pudong and making Shanghai one of the international financial, trade, and economic centers." It will also gear Shanghai's future plans to the developments of the 21st century, allowing them to stand the test of history. He said: Practice has proved that planning is the principal part of urban development, as well as a lever by which the government coordinates economic and social activities. To speed up the modernization process, Shanghai needs to undertake overall urban planning which is geared toward the world and the future, carries the distinctive features of the times, and takes Shanghai's reality into account. [passage omitted]

Shanghai's Economy Develops 'Healthily' in Jan-Jun

OW2207165294 Beijing XINHUA in English 1420
GMT 22 Jul 94

[Text] Shanghai, July 22 (XINHUA)—The economy of China's largest economic center of Shanghai has been developing steadily and healthily this year.

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According to the municipal statistical bureau, Shanghai's gross domestic product (GDP) had reached 90.962 billion yuan in the first six months of this year, an increase of 13.6 percent over the same period of last year in terms of comparable prices.

Included were the added value of industry, totalling 54.483 billion yuan, up 14.5 percent, and that of the service trades, climbing to 35.049 billion yuan, up 12.6 percent.

Shanghai generated an industrial output value of 196.362 billion yuan in the January-June period, an increase of 17.1 percent over the same period of last year, and its sales value of industrial products came to 188.347 billion yuan, up 15.2 percent.

Included was 131.726 billion yuan-worth of items produced by state-owned enterprises, a rise of 13.4 percent.

Shanghai exported 4.161 billion yuan-worth of goods in the first half of this year, up 24.5 percent over the same period of last year, and approved the establishment of 2,044 new foreign-funded enterprises involving a total investment of 5.075 billion U.S. dollars.

Pudong, a new economic zone in Shanghai, obtained 11.77 billion U.S. dollars from foreign trade in the first six months of this year, 1.6 times the figure for the same period last year.

The living standards of the people have been improved, with the monthly income of urban residents averaging 427.66 yuan per capita, up 13.2 percent, and that of rural residents 1,920 yuan, an increase of 20.5 percent.

'Pillar Industries' at Center of Shanghai's Economic Growth

HK2507075294 Beijing ZHONGGUO XINWEN SHE
in English 0548 GMT 23 Jul 94

[Text] Shanghai, 23 Jul (ZHONGGUO XINWEN SHE)—Shanghai municipality seizes every opportunity to regulate its industrial structure. Traditional industries like textiles, machinery and light industry are being substituted by pillar industries covering automobiles, electronic information facilities, steel and iron, power station equipments, petroleum and chemical industry as well as electronic home appliances. These six pillar industries have become the centre of Shanghai's economic growth.

Production of sedans, which was put at a mere 28,100 in 1990, increased to 103,800 in 1993, with an annual increase of 54.6 percent. The output value of the electronic information facilities industry with digital program switchboards as its core was put at RMB [Renminbi] 4.985 billion, a 6.6 times increase over 1990. Last year Shanghai had produced 13 million tonnes of steel and 11 million tonnes of steel material. Other industries covering equipment for large-scale power stations, petrochemistry and chemical industry as well as electronic home appliances all had substantial development. As a

result the six pillar industries accounted for 32.3 percent of Shanghai's total industrial output value and the sales revenue amounted to 38.2 percent of the total value.

These pillar industries which either had taken shape or were now under formation, will see another rapid development in years to come. The second phase of the first project of the Shanghai Volkswagen has just started. The completion of the project will mean the production of sedan will jump sharply from 100,000 to 200,000, with RMB 10 billion increase in output value. The second project is about the program switchboard of the Bell Telephone MFG [manufacturing] Company. The enlargement project of 2.1 million lines will increase productivity by RMB 1.2 billion. Pillar industries of Shanghai will all be developed into modern industries with annual output value set at over RMB 10 billion, accounting for 46.85 percent of Shanghai's total industrial value.

Shanghai Attracts Foreign-Funded Enterprises

OW2307142094 Beijing XINHUA in English 1234
GMT 23 Jul 94

[Text] Shanghai, July 23 (XINHUA)—More and more foreign-funded enterprises which have gone into production in Shanghai are displaying their talent in the municipal economic development.

So far, the municipal government has approved the establishment of about 9,000 projects funded by business people from 54 countries and regions. These projects cost a total of 18.79 billion U.S. dollars, and the actual investment totals 6.2 billion U.S. dollars.

The sales income of more than 4,000 foreign-funded enterprises in production in the first five months of this year reached 30.19 billion yuan, and their profits climbed to 3.08 billion yuan, 148.7 percent and 110 percent, respectively, more than in the same period of last year.

The proportion of foreign-funded enterprises in Shanghai's industry rose to 19.1 percent in the January-May period this year from 11 percent in the same period of last year.

A survey shows that the growth rate of per capita labor productivity of the foreign-funded enterprises is more than 80,000 yuan, four times that of the municipal industrial level.

The profits of foreign-funded enterprises in such pillar industries as motor vehicles, meters and instruments, light industry, and machinery and electrical appliances account for at least 50 percent of the total profits.

The average growth rate for per capita labor productivity in some foreign-funded enterprises in electronics, telecommunications, meters and instruments and soft drinks is about ten times higher than that of enterprises in the same trades in other parts of the country.

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The annual profits generated by an air-conditioner company, a Sino-American joint venture in Shanghai, reaches 300,000 yuan per capita, the highest in this China's largest economic center.

The establishment of more and more foreign-funded projects has helped the city to form new pillar industries including motor vehicles, telecommunications, electronics, bio-engineering, computers, power plant equipment and meters and instruments, which are playing a vital role in Shanghai's economic development.

According to the survey, seven Sino-German and Sino-Thai joint venture companies are leading in the motor vehicle industry, and the expanded investment by business people from the United States, Belgium and Germany in telecommunications has made it a second pillar industry in the city.

The service trades in Shanghai have become favorites for overseas investors thanks to the municipal government's policy of stressing service trades first, industry second and agriculture third.

The first six months of this year saw the municipal government approve the establishment of 486 foreign-funded projects involving three billion U.S. dollars in the fields of banking, real estate, commerce, trade, cultural and recreation, education and public health.

The proportion of Shanghai's service has risen to 34 percent, up from 20 percent in the past.

Altogether, 95 percent of foreign-funded enterprises have succeeded in making investments in the city, and at least 80 percent of them have made profits, both figures ranking first in the country.

Some 36 noted transnational corporations from the United States, Japan and the Republic of Korea invested in Shanghai in the first six months of this year, bringing the total number of transnational corporations investing in Shanghai to 140.

Rural Development Speeds Up Shanghai's Economic Growth

OW2307220894 Beijing XINHUA Domestic Service in Chinese 0939 GMT 17 Jul 94

[By reporter Li Rong (2621 2837)]

[Text] Shanghai, 17 Jul (XINHUA)—Primary, secondary, and tertiary industries have been developing simultaneously and in a coordinated manner in rural Shanghai this year. As result of the fast development of the "vegetable basket project" and public construction projects in townships and towns—and especially the construction of highways and bridges—suburban Shanghai now has a stronger foundation for the construction of an "economic edifice."

Most of the fresh vegetables which the tens of thousands of Shanghai residents purchase each morning come from

rural Shanghai. The pledge of "serving the city" has now become a fact. The Shanghai Municipal Government recently pointed out that no matter how developed rural Shanghai's primary, secondary, and tertiary industries may be, the "vegetable basket project" will always be a priority project for rural Shanghai.

Fan Deguan, secretary of the Shanghai Agriculture and Industry Committee, said that one important way to judge whether the rural economy should continue to exist in Shanghai is to see whether agricultural production in Shanghai exists only in name or in reality.

The need for the "vegetable basket" is a basic one which will be met by the work accomplished in counties in rural Shanghai this year. The 70,000-mu vegetable farms in the suburbs are being replanted and will produce their first crops. The size of vegetable farms in Jinshan County are 6,780 mu larger, and the size of vegetable plots at each production point are at least 300 mu larger. This year, rural Shanghai has built an additional 3,000 mu of sheltered vegetable plots and 16 additional vegetable gardens. The vegetable supply has increased since April. The monthly wholesale output has reached 60,000 tonnes, or 28.5 percent more than that of the same period last year, and consumers are satisfied with the mixed wholesale price, which has dropped from 72.19 yuan in February to 34.61 yuan today.

Rural Shanghai now has a stronger agricultural foundation. Shanghai considers the higher and faster development of primary, secondary, and tertiary industries in rural Shanghai to be a way to "feed back" agriculture, as well as the road through which Shanghai will become even more affluent and civilized. Shanghai Vice Mayor Meng Jianzhu said that whether this road is unimpeded depends on whether the construction of roads, bridges, telecommunications facilities, the gas supply system, and other public projects can keep pace.

Fengxian County Magistrate Xiang Guanfan felt particularly sad over this issue. The map shows that the seat of his county is only slightly more than 30 km from downtown Shanghai; all foreign businessmen were delighted when they first came to Shanghai. However, most of them were disappointed after they visited there by car because they had to spend at least four hours in traveling time. This is because the county and Shanghai are separated by the Huang Pu Jiang, and ferry services are exceedingly inadequate.

According to Magistrate Xiang, his county has learned its lesson and has pooled its financial resources to build a bridge this year. He said that the capital needed to start construction is available and that when construction is completed, the bridge may become the first "county-built bridge" in Shanghai.

Other projects like that of Fengxian County have also been launched in many other places in suburban Shanghai. The construction of the Fengjin overpass in Jinshan County and of the hovercraft ferry pier in

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Chongming County has been intensified; and projects for building large substations and sewage treatment systems and increasing telephone routes have begun in Qingpu and Nanhui Counties. According to incomplete statistics, more than 3 billion yuan have been spent so far this year on building the infrastructure of suburban Shanghai.

The gradual addition of new roads and bridges has changed the investment environment. The formerly scattered and sporadic village and town enterprises have now gathered along the roads and the two ends of the bridges, forming small industrial zones which have attracted various other businesses to operate there. Because of the completion of the new bridges, villages with water, electricity, and a supply of coal have attracted more people from other areas and the development of tertiary industries has quickened. Shops, restaurants, markets, movie theaters, hospitals, and schools can be seen everywhere in suburban Shanghai today.

Statistics shows that the change in the environment for agricultural production and investment has expedited the development of secondary and tertiary industries in suburban Shanghai. During the January-May period, the sales of village and town industrial enterprises in suburban Shanghai increased by 11.09 billion yuan, which accounted for more than 65 percent of the increase in industrial sales in Shanghai, and tertiary industries' value added reached 4.33 billion yuan.

Shanghai Airlines Import Boeing 767 Aircraft

OW2407061994 Beijing XINHUA in English 0541
GMT 24 Jul 94

[Text] Shanghai, July 24 (XINHUA)—The first Boeing 767 airliner imported by the Shanghai Airlines arrived here today. It is the first of such large aircraft in east China.

Capable of carrying 260 passengers, the plane will be able to fly to Australia and north America.

The importation of the new aircraft is part of the air company's efforts to establish a sufficient fleet. Officials said that the company aims at becoming a medium-sized air company by the year 2000.

The Boeing 767 aircraft owns advanced meters and controlling systems.

The Shanghai company has spent more than 12 million yuan in training pilots and other technicians.

Shanghai Court Sentences Drug Trafficker to Death

OW2507014594 Shanghai People's Radio Network in
Mandarin 2300 GMT 19 Jul 94

[From the "990 Morning News" program]

[Text] The Shanghai Municipal Court recently handed down, in accordance with the law, rulings on seven major cases involving the trafficking and illegal possession of drugs, as well as opium poppy plantation. A total of 16 criminals were punished severely under the law. Among them, Deng Lisheng, an unemployed person from Guangxi, was given the death penalty.

Shanghai Executes Murderers, Robbers

OW2507112694 Shanghai People's Radio Network in
Mandarin 2300 GMT 22 Jul 94

[From the "990 Morning News" program]

[Text] To ensure Shanghai's public order and stability during the summer season, the Municipal Intermediate Court recently concentrated efforts to mete out punishment to a number of murderers, robbers, and other serious violent criminals.

Jiang Xueyong, Ye Minjun, and Zhang Xiaowu, who committed intentional manslaughter, robbery, and rape, were sentenced to death in the first trial. Meanwhile, by the order of the municipal higher people's court, Niu Huai, who committed robbery, and Yang Zhijin, who committed intentional injury, were escorted to the execution ground and executed by shooting.

Among the criminals sentenced or executed by the court, more than 70 percent were from outside Shanghai; and 25 percent had previous criminal records.

Shanghai's Pudong New Area Seeks Increased Power Supply

HK2507074794 Beijing CHINA DAILY (BUSINESS
WEEKLY) in English 24-30 Jul 94 p 4

[By Xiao Zhang: "Pudong Seeks More Fixed Energy Supply"]

[Text] The Pudong New Area in East Shanghai will test planned reforms in China's power sector, according to a top State official.

"Pudong will install modern power facilities and the new area's power supply will be administered with the most advanced methods," said Si Dazhen, Minister of the Power Industry, who inspected the Pudong project recently.

The Waigaoqiao Power Plant now under construction in the Waigaoqiao Free Trade Zone will be a key project for Pudong.

Under construction since early last year, the Waigaoqiao plant was recently listed as a key State-level project by the State Planning Commission.

A total of 4.5 billion yuan (\$517 million) will be invested in what will be Asia's largest power plant, which is to have an annual output capacity of 5.6 million kilowatts.

The first phase now under construction will have an output capacity of 1.8 million kilowatts, while the third phase is expected to have an output capacity of 2.6 million kilowatts.

The first phase of the plant will start generation by the end of this Year.

In addition, the East Shanghai Power Supply Bureau, which oversees Pudong's power supply, will invest 700 million yuan (\$80.5 million) to set up 11 35-kilovolt substations in Pudong to improve the new area's power supply.

Si also urged local power supply departments to ensure the new area's daily power supply.

Due to the scorching heat wave at the beginning of July, Pudong's average daily consumption topped 18 million kilowatt-hours.

Because of the aging power supply network and overloaded equipment, the emergency service centre of the Pudong Bureau of Power Supply receives nearly 100 calls every day for maintenance.

According to a senior official from the East Shanghai Bureau of Power Supply, Pudong will expedite the renovation of its daily power supply network and become the first district in Shanghai to eliminate power cuts.

Si also said that establishing a power equipment trading group in Pudong is very important to the new area's power construction.

Last month, seven electric power corporations under the Ministry of Power Industry joined to set up the Shanghai Zhongdian Co in Pudong.

The new corporation has 22 million yuan (\$2.5 million) in capital.

Zhejiang Province Boosts Export-Led Economy

*OW2207134894 Beijing XINHUA in English 1253
GMT 22 Jul 94*

[Text] Hangzhou, July 22 (XINHUA)—Increased exports and the inflow of more foreign investments are the achievements scored by coastal Zhejiang Province in its effort to expand its export-oriented economy, according to the provincial government.

An official of the provincial foreign economic co-operation and trade committee said that exports from Zhejiang came to 2.73 billion U.S. dollars in the first half of 1994, up 37 percent over the same period of 1993.

Imports shot up 20 percent during that period to 790 million U.S. dollars, he said.

He said that increased exports are due partly to the policy of encouraging local foreign-trade companies at all levels, foreign-funded firms and manufacturers to break into the global market.

The province brought in 515 million U.S. dollars in foreign funds during that period, up 24 percent over the same period of 1994, he said.

So far this year, Zhejiang has signed 130 contracts to undertake construction projects and provide labor services overseas, he noted, adding that these contracts were worth 26 million dollars.

The official said that progress has been made in improving the structure of Zhejiang's export goods.

For example, farm and sideline products now account for 12 percent of Zhejiang's exports, one percentage point lower than in 1993.

Manufactured goods account for 83.5 percent of the province's exports, he said.

He cited an impressive increase in the export of mechanical and electrical products.

Exports of such products soared 24 percent in the first half of 1994 to 238 million U.S. dollars.

Since the beginning of this year Zhejiang Province has sent 527 trade delegations abroad to break into the global market, particularly markets in Africa, the Middle East, Latin America, Eastern Europe and the Commonwealth of Independent States, the official said.

More foreign funds are now flowing into basic industry and infrastructure.

Nearly 73 percent of foreign investments are now put into the manufacturing industry, up from 61.5 percent in 1993, he said.

Moreover, 63 large construction projects each involving an investment of at least 10 million U.S. dollars are being undertaken all over Zhejiang, he said.

Foreign companies have promised to invest a total of 600 million U.S. dollars in these projects in such areas as roads, telecommunications and energy, he added.

The official also noted an increase in the number of wholly foreign-funded firms.

The province approved the establishment of 212 such firms in the first half of 1994, he said, noting that these firms account for 32 percent of total overseas investments in Zhejiang.

Central-South Region

Guangdong Increases Utilization of Foreign Investment

*OW2307163094 Beijing XINHUA in English 1512
GMT 23 Jul 94*

[Text] Guangzhou, July 23 (XINHUA)—South China's Guangdong Province utilized 5.04 billion U.S. dollars in foreign funds in the first half of this year, 33.4 percent more than in the same period of last year.

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This was revealed here today by Xu Dezhi, director of the provincial economic and foreign trade committee.

Speaking at the opening ceremony of the '94 (Guangzhou) fair of products of overseas-funded enterprises, Xu said that by the end of last year Guangdong had signed over 140,000 investment contracts with more than 70 countries and regions. At the same time, he added, the province had actually utilized 29.45 billion U.S. dollars of overseas funds, an increase of 38.4 percent.

Last year alone, Xu said, the province utilized 9.65 billion U.S. dollars of foreign funds, 98.5 percent more than in the previous year. These funds accounted for ten percent of the total overseas funds directly absorbed in the year by all developing countries in the world.

The six-day fair was sponsored by the Guangdong provincial association of overseas-funded enterprises and a Hongkong enterprise group.

Guangdong's Guangzhou Attracts Overseas Investments

HK2507080194 Beijing ZHONGGUO XINWEN SHE in English 0300 GMT 23 Jul 94

[Text] Guangzhou, 23 Jul (ZHONGGUO XINWEN SHE)—By the end of last May, overseas-funded enterprises registered in Guangzhou was 6,024 with total investment of U.S.\$ 30.31 billion and total registered capital of U.S.\$ 15.21 billion. Among these, joint ventures were 2,089, cooperative enterprises 3,039 and solely foreign-funded enterprises 876.

Many large international consortia, financial groups and commercial conglomerates have come here to set up their businesses. Investment of each of the 10.6 percent of the total number of these groups ranged from US\$ 10 million to 100 million, 21 of them being over U.S.\$ 100 million. The investment of the Fangcun New World Real Estate Company, a Sino-Hong Kong joint venture, was as high as U.S.\$436 million, which was at the top of all overseas investors in the city.

Investment came from 32 countries and regions of four continents. The largest investment was from Hong Kong, accounting for 85.52 percent. It was followed by Taiwan, making up 5.64 percent, then the United States which had already set up 128 enterprises. The others were Macao, Singapore, Japan, Britain and Australia.

The foreign investment structure is going more and more rational in Guangzhou. The number of capital and technology intensive enterprises is increasing. Investment mainly go to projects of basic construction in sectors of energy, communications and sea ports. The number of registered overseas-funded enterprises in these sectors amounts to 353 with total investment of U.S.\$ 2.293 billion.

The scope of investment has been widened. Investment in the tertiary industry of Guangzhou is very promising. 1,340 overseas-funded enterprises in this sector have

been registered, accounting for 22 percent. Of these, investment is concentrated on commerce, food industry and real estate industry. There are 524 enterprises in the real estate sector alone. Overseas investment have also entered fields like hygiene, physical culture and sports, education, culture, scientific research. The new breakthrough in the tertiary industry has brought more overseas investment into sectors of finance, accountants firms, foreign trade, information service, etc.

Guangdong Reports 'Dramatic' Foreign Trade Growth

HK2307072294 Beijing CHINA DAILY in English 22 Jul 94 p 2

[By Li Zhuoyan: "Over 40% of Nation's Exports from Guangdong"]

[Text] Guangzhou—Guangdong Province, achieving dramatic growth in foreign trade, accounted for more than 40 percent of the country's exports in the first half of the year.

Last year, Guangdong produced 28 percent of China's exports.

Exports from the southern province grew 120 percent over last year to reach \$20.4 billion during the first six months, said Xu Dezhi, head of the provincial Committee for Foreign Economic Relations and Trade.

Foreign-funded enterprises generated \$7.38 billion of the exports, an increase of 105 percent over the same period last year.

Garments, shoes and electronic products were among the bestsellers Imports during the period increased 115 percent to \$14.2 billion, while imports by foreign-owned firms grew at a faster pace, 125 percent, to hit \$7.14 billion.

Xu attributed the rapid growth in foreign trade to the solid foundation the province has built over the past years to increase international trade.

Incoming foreign investment, slowing down from last year's surge, still rose 33.4 percent to total \$5.05 billion.

Last year, foreign investment in the province was \$9.65 billion, up 98 percent over 1992.

"This year we imposed stricter macro-control on capital investment, including foreign investment," Xu said.

Real estate was also put under tighter control, he said, adding that growth of foreign investment in the property business saw the biggest drop this year.

Guangdong Capital Reports Rapid Economic Growth

OW2207134794 Beijing XINHUA in English 1252 GMT 22 Jul 94

[Text] Guangzhou, July 22 (XINHUA)—Guangzhou, capital city of the economically prosperous Guangdong

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Province, registered 17 percent growth in GNP in the first half of this year, well above the national average.

Since the beginning of the 1990s Guangzhou's economy has grown by 25 percent. This year's growth is marked by a slow pickup in industrial production but bumper agricultural harvests.

In the first half of the year Guangzhou produced 41.622 billion yuan in industrial output value, an increase of 14.34 percent over the same period of last year.

Since the beginning of this spring Guangzhou has produced 12,500 tons of grain, up 20.45 percent over last year. Also its production of pigs, domestic poultry and fishery products all increased by a large margin despite serious floods.

Meanwhile, the city has greatly increased its investment in fixed assets and is experiencing a brisk market. It has so far earned 2.019 billion U.S. dollars from exports, up by 46 percent, of which 888 million U.S. dollars were made by foreign-funded enterprises.

Accidents Cause Deaths Among Guangdong Foreign Firms

HK2207151694 Beijing ZHONGGUO XINWEN SHE in English 1156 GMT 22 Jul 94

[Text] Guangzhou, July 22 (CNS)—One after another, four serious accidents occurred among Guangdong's foreign enterprises, in which 127 persons were killed, 82 seriously injured and the direct economic loss was more than RMB [renminbi] 100 million, disclosed by the Guangdong Provincial Trade Union.

Such frequent industrial accidents among Guangdong's foreign enterprises have caused adverse effect on both China and overseas. Specialists believe that the repeated accidents are by no means accidental. Some foreign businessmen have violated certain laws and regulations of China. They have conducted some illegal construction and production. Some foreign businessmen only emphasize production but neglect safety. Thus safety education is not provided for new workers. Besides, among foreign enterprises, few trade unions have been formed to fight for labourers' rights. Therefore the fact that there is no efficient supervision of trade unions is also a chief cause of accidents.

In addition, frequent accidents have exposed the serious management problems of relevant departments.

Guangdong Packaging Industry Reports 'Rapid Development'

OW2307141994 Beijing XINHUA in English 1233 GMT 23 Jul 94

[Text] Guangzhou, July 23 (XINHUA)—Guangdong, an economically flourishing province in south China, has seen rapid development in its packaging industry.

Guangdong has over 500 packaging enterprises with 11.5 billion yuan in output value, an increase of 15 times over that of 1980.

Provincial officials attributed the rapid growth to the introduction of advanced facilities and technology over the past 15 years from abroad and efforts by the machine-building sector in the development of over 500 varieties of packing and food-processing machinery.

According to a provincial official, Guangdong Province's added value to exports has increased by 30 percent over the past few years owing to its improved packaging. The rise of a number of joint ventures between China and Singapore, Australia, Japan, France, the United States, New Zealand, and Hong Kong across the province has greatly enhanced its competitive power in the domestic and international market.

Hainan Increases Utilization of Foreign Investment

OW2307170994 Beijing XINHUA in English 1529 GMT 23 Jul 94

[Text] Haikou, July 23 (XINHUA)—Southern China's Hainan Province utilized 460 million U.S. dollars of overseas investment in the first half of this year, 71 percent more than the same period of last year.

The figure means that about 51 percent of the contracted investment has been realised, 4.3 times higher than the same period of last year.

World-renowned enterprises, such as Samsung of the Republic of Korea and Coca-Cola of the United States, invested or set up offices in the province this year.

Of the ten provincial-level joint ventures, eight are under construction, involving a total investment of 200 million U.S. dollars.

A local official attributed the achievements to the province's efforts to see that contracts involving foreign investment be carried out to the letter.

Hainan Readjusts Industrial Pattern

OW2307082294 Beijing XINHUA in English 0702 GMT 23 Jul 94

[Text] Haikou, July 23 (XINHUA)—South China's Hainan Province is readjusting its industrial pattern in accordance with the country's macro economic regulation to give more priority to energy and transport.

During the past decade since the State Council made Hainan China's biggest special economic zone, the real estate sector had become too overheated for some time.

Since the central government began macro economic regulation from the second half of last year, real estate has cooled down, and local government officials realized that the province would have no sustained high-speed economy without strong basic industries.

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Among the 24 key projects under the province's agenda this year, the investment in transport, energy and other large-scale industrial projects accounts for 90 percent of the year's total investment.

With regard to its infrastructural facilities, the Yangpu Electric Power Plant and the Haikou Macun Power Station are well under way. The first generating unit of the Daguangba Power Station went into operation at the end of last year and the first unit of the Nansha [Spratly] station went into operation in February this year.

The Sanya Fenghuang (Phoenix) International Airport opened to air traffic on July 1 this year, and an expressway around the eastern side of the island province will reach Sanya City, the southern tip of the province, by the end of the year.

Along the western route of the island, various development zones and vacation villas, whose activity once was bustling, have been put into the shade by more lively industrial projects involving vehicle manufacturing, rubber tyre, polyester, flat cold-rolled sheet, oil refining, cement, iron and steel, gas and chemical fertilizer.

Among them, the annual 60,000-ton capacity polyester cut sheet project and flat cold-rolled sheet project will go into production this year, and the large chemical fertilizer project and refinery are well under way.

Most of the projects will be able to obtain raw materials from the island or from nearby seas.

Another industrial area will form at the western part of the island, involving iron and steel, petrochemicals, building materials, glass, rubber products and foodstuffs.

Some auxiliary projects will be started soon to support the province's present automobile, natural soft drinks, pharmacy and electronics industries.

During the industrial readjustment, the province's financial organs have been making every effort to provide funding to enterprises. About 200 million yuan (about 23 million U.S. dollars) goes into infrastructure facilities each month of the year.

To take in more funds, the provincial government is now engaged in reforming its investment mechanism to encourage both domestic and overseas businessmen to invest in the province's infrastructural facilities. Those who invest in such fields will enjoy even more preferential policies, government officials said.

In addition, the province has begun to use international "BOT" form (building, operation and transfer) in attracting foreign investment.

Henan Successful in Winning Foreign Government Loans

OW2307131094 Beijing XINHUA in English 1236
GMT 23 Jul 94

[Text] Zhengzhou, July 23 (XINHUA)—Central China's Henan Province signed three contracts in the first half of

this year, gaining 440 million U.S. dollars in foreign governmental loans, which accounted for 19.9 percent of the total foreign governmental loans the country gained in the period.

Henan ranked first among all the country's provinces, autonomous regions and municipalities in gaining foreign governmental loans in the period. Moreover, Henan Province is also expected to sign nine more contracts for 30.47 million U.S. dollars in foreign governmental loans.

The 371.8 million U.S. dollars from the Spanish Government for the construction of the Yahekou power station in Nanyang city is the largest foreign governmental loan offered to Henan Province so far.

The 65 million U.S. dollars in loans from Australia is also the largest sum of Australian governmental loans offered to China so far. The sum will be used in the Yima natural gas project.

The contracts to be signed involve technical transformation of six large and medium-sized state-owned enterprises, including Zhengzhou Cable Plant and Luoyang Chundu Group, and the upgrading of some plants engaged in farm produce processing.

So far, Henan Province has acquired governmental loans from 20 countries.

Hunan Leaders Address Meeting on Rural Social Order

HK2507100394 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 15 Jul 94

[Text] The provincial meeting on work to comprehensively improve social order in rural areas ended in Changsha on 15 July. Provincial party and government leaders Wang Maolin, Chen Bangzhu, Wu Xiangdong, Zhu Dongyang, Zhou Shichang, and Deng Youzhi, as well as President Zhan Shunchu of the Hunan Provincial Higher People's Court, attended the meeting. Comrades Wang Maolin and Chen Bangzhu spoke at the closing session.

In his speech, Comrade Wang Maolin pointed out: We must have a correct understanding of the social order situation throughout the province and of the situation in work to comprehensively improve social order in rural areas. The achievements we have made are only first steps. The tasks of comprehensive improvement in overall social order are still quite heavy. Therefore, leader at various levels should not relax their efforts, bodies in rural areas set up for the improvement of social order should not be dissolved, and the strength for cracking down on local ruffians and scoundrels should not be weakened. We must work out practical and feasible plans to develop the achievements already made in this work so as to improve social order throughout the province.

In his speech, Comrade Chen Bangzhu emphasized: We must deepen our understanding, seek unity in thinking,

and guide the work to improve the social order in rural areas to develop to a deeper level. We must have our eyes on long-term stability and good social order. We must make great efforts to strengthen work to restore grass-roots organizations in the rural areas. Departments concerned should closely cooperate and make joint efforts in the management of social order. We should further strengthen organizational and leadership work in order to make new achievements on the basis of what we have already done.

Hunan Farmers Said To Earn More Cash Jan-Jun

*OW2407143494 Beijing XINHUA in English 1400
GMT 24 Jul 94*

[Text] Changsha, July 24 (XINHUA)—The average cash income for farmers in Hunan in central China has increased by 106 yuan per capita in the first half of the year to reach 518 yuan.

The provincial agricultural department has hailed this as great progress, as farmers in this major grain producer of China have been long complaining of a slow increase in cash incomes.

Officials from the department said the rise in cash income was partly due to the fact that more farmers have been leaving home to seek jobs in remote cities and factories.

According to them, some six million farmers in Hunan left home to engage in non-farm work this year, which is nearly one million more than in the same period of last year.

The development of rural industry and private business has also increased farmers' cash income, the officials said.

The rise in prices and increased production of rice and other farm products also boost farmers' income, the officials said.

According to figures released by the agricultural department, the province produced 630 million kg of grain and 720 million kg of oil seeds in spring crops, both representing substantial increase over 1993.

Southwest Region

Sichuan Capital Holds Economic, Trade Fair in Hong Kong

*OW2507123594 Beijing XINHUA in English 1107
GMT 25 Jul 94*

[Text] Hong Kong, July 25 (XINHUA)—Chengdu, capital of Sichuan Province in southwest China, opened a six-day foreign economic and trade fair in Hong Kong today.

Some 29 big companies from the city are offering over 30 kinds of products and a lot of projects for overseas firms to invest.

By the end of 1993, Chengdu has entered into economic relationship with 67 countries and regions, and 1,435 foreign projects have been set up in the city. Its import and export volume last year reached 360 million U.S. dollars.

Sichuan is the most populous province in China which boasts a population of about 100 million people.

The Chengdu fair is the sixth that has been held in Hong Kong this year by a province or a big city of the Chinese mainland.

Foreign Investments Flow Into Sichuan Province

*OW2207144294 Beijing XINHUA in English 1416
GMT 22 Jul 94*

[Text] Chengdu, July 22 (XINHUA)—Southwest China's Sichuan Province is becoming an increasingly attractive place for foreign investors.

An international tendering and investment discussion held in this capital of the province attracted some 670 businessmen from 24 countries and regions. Within four days, contracts for about 277 projects were agreed upon, involving more than 2.4 billion U.S. dollars in foreign funds.

Over the past few years the number of foreign-funded enterprises in the province has been growing twofold annually, according to officials of the provincial commission of Foreign trade and economic co-operation.

In 1993 the province approved 2,544 foreign-funded enterprises, more than the total for the previous 20 years. In the first half of this year the province has approved nearly 1,000 foreign-funded enterprises. So far, there are some 4,800 foreign-funded enterprises in Sichuan, with contracted foreign funds of 4.7 billion U.S. dollars—the most for a Chinese interior provinces.

Foreign investment has been extended from service industries to such basic industries as transportation, and the majority of them are performing well.

A company jointly funded by Chengdu and Thailand's Chia Tai Group eight years ago has registered an increase of total investment volume from 2.5 million U.S. dollars to 15 million U.S. dollars. It has yielded about 100 million yuan in profits and taxes and has become the largest producer of foodstuffs and chickens in southwest China.

About half of the 4,800 enterprises have gone into operation and have begun gaining profits, according to the commission.

In 1993 they turned out an output value of more than four billion yuan and some 300 million yuan in profits, and earned 138 million U.S. dollars from exports.

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Sichuan has publicized a series of preferential policies to attract foreign investment.

Tibetan Police Crack Down on Pro-Independence Movement

HK2507052494 Hong Kong SOUTH CHINA MORNING POST in English 25 Jul 94 p 9

[By Robert Barnett]

[Text] Chinese paramilitary police have placed a cordon around a rural nunnery in the mountains of Lhasa in response to a recent demonstration by five nuns, according to unofficial reports from the Tibetan capital. The raid came as top Chinese politicians in Tibet called for a crackdown on the pro-independence movement which they say is spreading into the Tibetan countryside. The raid followed a brief demonstration by five nuns in Lhasa on June 14. The women all came from the nearby Shar Bumpa nunnery in Phenpo country, 45 kilometres north of Lhasa. The nuns were arrested during the raid.

The crackdown began three days after the demonstration. Police, state security officials and members of the People's Armed Police were reported to have swooped on Shar Bumpa nunnery and on adjacent monks' quarters. The nuns struggled with the police and damaged a police vehicle during the raid, according to one report from the area. All monks and nuns at Shar Bumpa were interrogated and a number of arrests were made.

The security forces also raided the nearby monastery of Penpo Ganden Choeckor. The monastery was the scene of similar police raids last summer after a pro-independence protest in Nemo, a nearby village, in June 1993. After the police raid on Phenpo Ganden Choeckor, four monks travelled to Lhasa and on June 19 staged a protest in Barkor, the Tibetan quarter of the capital. They were arrested immediately.

Earlier this week underground groups in Lhasa supplied the names of 12 Tibetans arrested in other protests in the countryside earlier this year, including a schoolteacher and two monks arrested in January and seven nuns arrested in March from Bumthang nunnery in Lhokha Gongkar country, about 80 km south of Lhasa. The groups also provided for the first time the names of 11 Tibetan monks arrested during brief demonstrations in Lhasa on May 24 and 31, bringing to 48 the number of Tibetans reported to have been arrested for staging pro-independence demonstrations so far this year.

Ceremony To Mark Renovation of Tibetan Palace

HK2207134694 Beijing ZHONGGUO XINWEN SHE in English 0923 GMT 22 Jul 94

[Text] Lhasa, July 23 (CNS)—After five years of hard work, renovation of the Potala Palace in Lhasa has by and large completed. A grand ceremony will be held on August 9 to mark the occasion.

The renovation started on October 11, 1989, and has cost RMB [renminbi] 53 million. This project is the largest in both scale and cost, and takes the longest in time in the history of renovation of ancient buildings. In the course of renovation, the principle of "keeping the old as old, no change of original appearance" has been followed from start to finish. The plan was scientifically drawn up and renovation work was meticulously carried out. After renovation, various halls, palace buildings and cultural relics all look as the original. Anticorrosive measures have been applied to some building materials. Burglary alarm system and video monitoring facilities have been installed. For security sake, reinforced materials have been used for all electric wires.

According to an official of the renovation office, the ceremony for the completion of the renovation of the Potala Palace will be held in Lhasa Cultural Palace, and at the same time the Palace will be formally open. Pictures showing renovation will be exhibited. Song and dance performances will be staged. The whole celebration will last for seven days.

North Region

Non-Communist Appointed Vice President of Beijing Court

OW2307162994 Beijing XINHUA in English 1507 GMT 23 Jul 94

[Text] Beijing, July 23 (XINHUA)—Chen Chunlong, a non-Communist Party member, has been appointed vice-president of the Beijing municipal people's high court.

Chen, 53, was appointed to the post and a member of the judicial commission at a recent 11th meeting of the standing committee of the 10th municipal people's congress.

This was the first non-Communist vice-president of the high court in the Chinese capital.

Chen, who once worked at the Institute of Jurisprudence of the China Academy of Social Sciences, is a member of the Central Committee of the China Democratic National Construction Association and a member of the Eighth National Committee of the Chinese People's Political Consultative Conference. He was once awarded a grant by the French Educational Commission.

Chen graduated from Hubei University in 1964 and has written or translated nine books on law.

A number of non-Communist figures have been appointed to crucial positions over the past few years, according to the standing committee of the Beijing municipal people's congress.

Beijing Achieves 'New Surge' in Economic Growth

OW2307090694 Beijing XINHUA in English 0838 GMT 23 Jul 94

[Text] Beijing, July 23 (XINHUA)—Beijing has achieved a new surge in its economy with gross domestic

production totalling 47.878 billion yuan in the first half of the year, 13.4 percent up from the same period of last year.

According to the municipal statistics bureau, agriculture increased by 2.458 billion yuan, up 1.6 percent.

The industrial output value jumped by 22.915 billion yuan, a rise of 15.1 percent, and the output value of the service industry rose by 22.505 billion yuan, with a growth rate of 13.3 percent.

According to the bureau, the private sector is playing an increasing role in the city's industrial production. And the development of export-oriented industry and light industry has also been stepped up.

The city's investment in fixed assets has also achieved great progress and its structure has improved.

The city's total investment in fixed assets reached 12.47 billion yuan, an increase of 70.1 percent from last year, with investment in agriculture rising by 81.1 percent, accounting for 32.5 percent of the total.

The total imports and exports amounted to 1.325 billion U.S. dollars-worth, 19.1 percent up from 1993. Exports topped 968 million U.S. dollars-worth, up 27.6 percent, while imports remained unchanged from last year's same period.

The total retail sales amounted to 31.84 yuan, 22.2 percent up. And the average per capita income of the capital's residents increased by 51.2 percent.

Beijing Export Industry Expecting Continued Growth

OW2407031994 Beijing XINHUA in English 0240 GMT 24 Jul 94

[Text] Beijing, July 24 (XINHUA)—Beijing is boosting its export-oriented economy in line with international conventions.

The capital has 94 enterprises empowered to export their products.

The first six months of this year saw these enterprises export 34 million U.S. dollars-worth of goods, accounting for 46 percent of the city's total.

Encouraged by the municipal government, Beijing's industrial enterprises are holding trade talks with transnational corporations in setting up 50 joint-venture projects each involving more than five million U.S. dollars.

These projects are scheduled to bring in 1.92 billion U.S. dollars in investment, including 1.03 billion U.S. dollars in foreign capital.

The municipal government approved the establishment of 44 foreign-funded enterprises involving 164 million U.S. dollars in the first six months of this year.

A survey shows that the output value produced by foreign-funded enterprises in the first five months amounted to 6.2 billion yuan, and their profits climbed to 630 million yuan, equal to 42 percent and 32.7 percent, respectively, of the industrial output value and profit targets set by the city.

Inner Mongolia Official on Public Order

SK2207215594 Hohhot NEIMENGGU RIBAO in Chinese 8 Jul 94 p 1

[Text] On the morning of 7 July, the regional committee for comprehensive management of the public order held a telephone conference on comprehensively managing public order in rural and pastoral areas. The general ideas for concentratively straightening out and managing public order in rural and pastoral areas as set forth at the conference are: Closely in line with the central task of vigorously developing the economy of rural and pastoral areas, we should comprehensively strengthen the comprehensive management of the public order in these areas; make overall arrangements; make key breakthroughs; pool the joint efforts of rural and urban areas; eliminate both root causes and symptoms, with the focus on eliminating root causes; especially strengthen the dynamics of "strict blows" against criminal activities, and of rectification and management of public order in key areas; strengthen the construction and consolidation of grass-roots organizations; consolidate and perfect the precaution mechanism; and safeguard the long-term stability of rural and pastoral areas.

Wang Zhan delivered an important speech at the conference. Jia Cai, Bao Wenfa, and Nai Deng also attended. Leaders of the regional committee for comprehensive management of public order made an overall arrangement for concentratively managing the public order of rural and pastoral areas.

Wang Zhan pointed out: The issues concerning agriculture, animal husbandry, rural and pastoral areas, and peasants and herdsmen are always fundamental issues which have a bearing on the overall situation. Agriculture and animal husbandry are always industries which stabilize the country. Thus, effectively handling these issues and ensuring both a sustained development of the economy in rural and pastoral areas, as well as the long-term stability of rural and pastoral areas, is the basic prerequisite for the overall party work situation. Party committees and governments at various levels should adopt powerful measures to realistically solve the urgent problems in agricultural and livestock production, and in economic development in rural and pastoral areas, so as to promote increases in agricultural and livestock production as well as the income of both the peasants and herdsmen. Simultaneously, we should also persist in the strategic principle of "taking a two-handed approach and being sure both hands are tough"; vigorously strengthen the comprehensive management of the public order in rural and pastoral areas in order to solve their new problems in public order under the new

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situation; and create a stable social environment and good social order for the reform, opening up, and economic development of rural and pastoral areas.

Wang Zhan urged that leading cadres at various levels, particularly top party and government leaders, should deeply understand the importance and urgency of concentratively rectifying and managing the public order of rural and pastoral areas, carefully organize forces, make unified arrangements, and make efforts to bring into play the advantages of comprehensively managing public order. He stated: We should bring into full play the advantages of comprehensively managing public order, and should particularly exert efforts to implement the measures for thoroughly wiping out the root causes. We should pioneer ways with strict blows, focus advantageous forces to concentratively deal blows to serious criminal activities, and strive to eliminate the arrogance of criminal offenders. Simultaneously, we must strengthen the construction of the socialist spiritual civilization and the setup of the grass-roots organizations in rural and pastoral areas; mobilize the masses; persist in the principle of "paying equal attention to both blows and preventions, eliminating both root causes and symptoms, and focusing efforts to wipe out root causes"; accurately find out the prominent problems as well as the weak links in the public order of rural and pastoral areas; and work out measures to manage the public order. According to the unified requirements for concentratively managing the public order, we should make overall plans, take all factors into consideration, reasonably make arrangements, make a good coordination among various links, ensure that the follow-up work can keep pace with the preceding one, and avoid attending to one thing and losing sight of another or having a fine start and a poor ending. All localities and departments should grasp the favorable opportunities to wage this struggle; proceed from the rural and pastoral areas' reality of building the spiritual civilization and the ideological reality of the peasants and the herdsmen; adopt effective forms to realistically strengthen the construction of the socialist spiritual civilization in the rural and pastoral areas; deeply conduct the political and ideological education, the education on democracy and legal system, and the education on science and culture among the peasants and the herdsmen so as to enhance their abilities in telling truth from falsehood, resisting the influence of corrosive ideas, and effectively overcoming the negative effect of the market economy; and actually use the socialist ideas to occupy the rural and pastoral areas' ideological and cultural fronts.

Wang Zhan stressed: The party committees and governments at various levels should keep to the stand of safeguarding the interests of the party and the people, consciously assume the political responsibility for "ensuring the safety of one front" go deep to the areas with prominent contradictions and problems and the areas where the people have strong complaints of, devote themselves to doing solid work, swear not to stop until the problems are solved, realistically have the daring to

grasp and manage the public order, firmly and solidly attend to the concentrative management of the public order of the rural and pastoral areas, and ensure achievements.

Wang Zhan stressed: Carrying out the system of responsibility for comprehensively managing the public order is the fundamental guarantee for comprehensively managing the public order as well as a key measure for capturing a success in this struggle. The party committees and governments at various levels and all departments concerned should conscientiously carry out this system and define their responsibility to safeguard the public order of the rural and pastoral areas. It is necessary to strictly exercise "the right to negating the achievements in other aspects by one vote" among the localities where the public order is confused due to poor management. The committees for comprehensive management of public order at various levels should exert great efforts to supervise and examine the rural and pastoral areas' work on comprehensive management of public order; regularly organize and send forces deep to localities, departments, and trades; sum up experiences; discover problems; make opinions and suggestions for party committees and governments; and promote the deep progress of the comprehensive management of public order.

In line with their actual conditions, responsible comrades of the organizational department of the regional party committee, the regional public security department, the regional judicial department, and the regional civil administrative department made arrangements for engaging in the comprehensive management of the public order in the rural and pastoral areas. Present at the conference were responsible persons of the regional committee for comprehensive management of public order and the regional relevant departments, commissions, offices, and bureaus.

Inner Mongolia's Ordos Basin Develops Energy Resources

OW2307171494 Beijing XINHUA in English 1425
GMT 23 Jul 94

[Text] Hohhot city, July 23 (XINHUA)—Formerly a livestock-breeding center, the Ordos Basin in the southwestern Inner Mongolia Autonomous Region has developed into one of China's main coal producers.

The basin has verified coal reserves of 149.6 billion tons, accounting for one seventh of the national total.

Construction of the Jungar and Dongsheng coalfields and Talde power plant is in full swing. An accumulated investment of 10 billion yuan had been used in the construction by the end of June.

With state investment of 6.8 billion yuan, the Jungar coalfield is the largest of its kind in China.

It has a prospected area of 136.5 sq [square] km and proven coal deposits of 26.8 billion tons.

Already, the Heidaigou opencut coal mine, able to turn out 12 million tons of raw coal annually, is ready for production.

Projects that have been completed included a coal dressing plant, five coal bunkers and four finished product bunkers. They are expected to be put into operation by the end of this year.

The Kengkou power station, with a generating capacity of 200,000 kw, began to generate electricity last year.

A 215.6-km electrified railway line running from Fengzhen to Jungar opened for service in June last year.

The Dongsheng coal mine boasts quality coal low in ash, sulphur and phosphorus. It is scheduled to produce 14.2 million tons of coal annually in 1996 and 20.8 million tons by the end of this century.

With a generating capacity of five million kw, the Talde thermal power plant, which is considered to be the largest of its kind in Asia, is being built in Talde banner (prefecture).

The first construction phase includes two 330,000-kw power generating units and will be completed and go into operation next year.

The second construction phase, comprising two 330,000-kw generating units, is planned to be completed by 1996.

Preparations are under way for building the third phase, which will have six generating units with a combined generating capacity of 600,000 kw.

Tianjin Approves Decision on Personnel Reshuffle

SK2507004794 Tianjin TIANJIN RIBAO in Chinese
13 Jul 94 p 2

[Text] On 12 July 1994, the municipal people's congress standing committee approved the decision on the namelist of personnel appointments and removals as follows:

Zhao Wanli (6392 8001 6849) was appointed as director of the municipal agricultural and forestry bureau; Chen Zhonghuai was removed from the post of director of the municipal agricultural and forestry bureau; and Wang Jingming was removed from the post of member of the judicial committee of the municipal maritime court.

Northeast Region

Liaoning Secretary Speaks at Military District Session

SK2307081594 Shenyang Liaoning People's Radio
Network in Mandarin 2200 GMT 22 Jul 94

[Text] The fourth plenary session of the ninth provincial military district was held in Shenyang from 19 to 21 July.

Attending the session were Gu Jinchí, secretary of the provincial party committee and first secretary of the party committee of the provincial military district, (Gao Taiheng), standing committee member of the provincial party committee and political commissar of the provincial military district, Xu Wencai, standing committee member and secretary general of the provincial party committee, and Xiang Jingyuan, commander of the provincial military district.

Gu Jinchí made a speech at the session. He said: We must continuously persist in the guiding ideology of orienting national defense building to the overall situation of economic construction, strengthen the self-construction of [words indistinct] departments, and further improve the level of leadership work. We should give priority to studying Volume 3 of the *Selected Works of Deng Xiaoping* and make continued efforts to build the leading bodies of the people's armed forces departments at the county level and to build the army, well. We should give full play to the functional role of people's armed forces departments at all levels and push the province's building of militia and reserve forces to a new stage in order to make new contributions to promoting Liaoning's reform, opening up, and construction.

Liaoning Reports Good Semi-Annual Economic Situation

SK2307054694 Shenyang Liaoning People's Radio
Network in Mandarin 2200 GMT 22 Jul 94

[Text] Since the beginning of this year, the province has maintained steady increases in major economic targets, and the overall situation has been normal basically. However, the contradictions facing economic operation have remained conspicuous.

According to statistics, in the first half of this year, the GNP of the province was 99.64 billion yuan, an increase of 11.7 percent over the corresponding period last year. The economic situation in rural areas was stable basically. The acreage sown to crops was 54.34 million mu, of which, the acreage sown to grain crops was 45.45 million mu. Various kinds of crops were growing normally, livestock products developed in a sustained and steady manner, and the development of township and town enterprises continued to be accelerated.

In the first half of this year, the province's total industrial output value was 46.926 billion yuan, an increase of 25.6 percent over the corresponding period last year. Light industry began extricating itself from the passive situation of slow growth. Since the beginning of this year, the province has strengthened overall control over the scale of investment in construction projects. The number of newly initiated projects has decreased, and the phenomenon of blindly scrambling for state investment and initiating projects has been checked. Purchases and marketing on consumer goods markets have been stable, and most commodities [words indistinct].

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At present, major contradictions in economic operation are: State-owned enterprises having difficulties in [words indistinct], the high margin of commodity price increases, the arduous task of exercising macroeconomic control, and the need to further strengthen work of deepening reform and maintaining stability.

Highways Help Bring Prosperity to Liaoning Province

*OW2307085194 Beijing XINHUA in English 0623
GMT 23 Jul 94*

[Text] Shenyang, July 23 (XINHUA)—The fast-growing highways in northeast China's Liaoning Province are effectively helping the province's economic development.

In the past four years a total of 6,020 km of asphalted road have been renovated and some 2,300 bridges built. A highway network composed of national and provincial major highways has taken shape in the province.

Luquanzi Village in Longtan Township, Xiuyan County, a poverty-stricken village before a major highway was

built, earned more than one million yuan last year through planting mushrooms and fruit after the road was completed.

The construction of highways has also brought an economic boom to local towns. Chaoyang City, for instance, has built several township industrial zones along the No. 101 National Highway and more than 20 specialized markets have been set up.

Highways have helped local farmers a lot in their daily lives. Dananxiang Township in Fushun City, which is mainly inhabited by people of the Korean Ethnic Community, attracted many investors from the Republic of Korea (ROK) following the completion of an eight-km asphalt road. A development zone specially for ROK investors has been established there.

Liaoning is a leading industrial province. However, a shortage of transportation facilities had bottlenecked its development for a long time in the past.

Envoy to UN Criticizes Request for Representation*OW2307054194 Beijing XINHUA in English 0519 GMT 23 Jul 94*

[Text] United Nations, July 22 (XINHUA)—The permanent representative of China to the United Nations, Ambassador Li Zhaoxing, met with U.N. Secretary-General Butrus Butrus-Ghali and presented to him upon instruction a letter stating solemnly the position of the Chinese Government concerning the request by Nicaragua and a small number of other countries to include in the agenda of the forty-ninth session of the General Assembly the question of the so-called Taiwan's "representation" in the United Nations.

Ambassador Li pointed out in his letter, the Chinese Government and people express utmost indignation at the request concerning the so-called Taiwan's "representation" in the United Nations by Nicaragua and some other countries. This move not only constitutes a serious infringement upon China's sovereignty and gross interference in China's internal affairs, but also gravely contravenes the purposes and principles of the UN Charter as well as Resolution 2758 (XXVI) adopted by the General Assembly at its twenty-sixth session.

Ambassador Li stressed that Taiwan has belonged to China since ancient times. This is a historical fact that nobody can change. Since the founding of the People's Republic of China, 159 countries have successively established diplomatic relations with China, all of which recognize that there is only one China and that the Government of the People's Republic of China is the sole legal government of China and Taiwan is only a part of China. The issue of China's representation in the United Nations has long been settled once and for all politically, legally and procedurally since the adoption by the General Assembly of Resolution 2758 (XXVI) at its twenty-sixth session with an overwhelming majority. The resolution states in unmistakable terms that "the representatives of the Government of the People's Republic of China are the only lawful representatives of China to the United Nations and that the People's Republic of China is one of the five permanent members of the Security Council." The General Committee of the Forty-Eighth Session of the UN General Assembly last year categorically rejected the unreasonable request for inclusion of the so-called question of Taiwan's "representation" on the agenda of the General Assembly. Now, a small number of countries, in disregard of the historical fact and the relevant UN resolution, have again made a fanfare for Taiwan's "returning" to the United Nations. Their attempt is doomed to failure.

Ambassador Li pointed out that the United Nations is an inter-governmental organization composed of sovereign states. Taiwan, as a province of China, has no right whatsoever to be a member of the United Nations, and therefore, the principle of "universality of membership" does not apply in this case. As to Taiwan's membership

in regional economic organizations such as the Asian Development Bank and the Asia-Pacific economic cooperation, it is a special arrangement made by the Government of the People's Republic of China and the relevant organizations through an agreement or understanding between them on the principle of one China and in a manner acceptable to and agreed by the Chinese Government, which makes it clear that the People's Republic of China participates in these organizations as a sovereign state, whereas Taiwan as a region of China. It should also be pointed out that the question of Taiwan which is an internal matter of China bears no analogy to the cases of Germany and Korea which were brought about as a result of the international accords at the end of World War II. Therefore, the Taiwan question and the situation of Germany and Korea should not be equated. In total disregard of the historical fact and objective reality, the memorandum submitted by Nicaragua and others distorts the purposes and principles of the UN Charter and attempts to justify the admission of Taiwan into the United Nations by abusing the "principle of universality" and the "model of parallel representation of divided countries". This is entirely void of legal basis and farfetched, and is therefore totally untenable.

Finally, Ambassador Li pointed out that the question of Taiwan is purely an internal affair of China in which no country has the right to interfere. To achieve national reunification is in the fundamental interests of the entire Chinese nation. Over the years, the Chinese Government and people have made untiring efforts and achieved positive progress towards this end. The reunification of China is an irreversible trend of history. Having no regard for the overall interests of the Chinese nation, the Taiwan authorities have continued to engage in, in the international arena, "silver bullet diplomacy" aimed at "dual recognition" or "two Chinas", in an attempt to "return" to the United Nations. The Chinese Government and people are seriously concerned about these developments and will never condone any attempt to split the motherland and obstruct and undermine the cause of China's reunification.

Taipei 'Simply Not Qualified' for UN Membership**XINHUA Domestic Version***OW2307060794 Beijing XINHUA Domestic Service in Chinese 0412 GMT 23 Jul 94*

[Text] Beijing, 23 Jul (XINHUA)—Responding to a reporter's question, a Ministry of Foreign Affairs spokesman stressed today that the United Nations is an intergovernmental international organization made up of sovereign states, and Taiwan, as a province of China, is simply not qualified to join the United Nations or take part in UN-related activities.

A reporter asked: Some countries recently sent letters to the UN secretary general requesting that Taiwan's "representation" issue be examined and discussed. What is your comment?

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The spokesman said: The Chinese Government and people are extremely indignant with the request which Nicaragua and other countries have presented to the United Nations for Taiwan's so-called "representation" in the United Nations. Their act has seriously infringed upon China's sovereignty. It is a brutal interference in China's domestic policy, and it also seriously violated the objectives and principles in the United Nations Charter as well as the No. 2758 Resolution of the 26th UN General Assembly session. The United Nations is an intergovernmental international organization made up of sovereign states, and Taiwan, as a province of China, is simply not qualified to join the United Nations or take part in UN-related activities.

The spokesman said: The 48th UN General Assembly session in 1994 categorically rejected the unreasonable request to place the so-called Taiwan "representation" issue on its agenda. This shows the firm stand taken by the overwhelming majority of UN members to safeguard the authority of the UN Charter and UN resolutions. It also shows that any schemes which run counter to the will of the vast number of UN members are futile and unpopular.

The spokesman pointed out: Unwilling to accept their defeat last year, the Taiwan authorities have resorted to the measures of bribing and luring some countries to present the old request again and cause an uproar regarding Taiwan's "return" to the United Nations. These measures are also doomed to failure.

XINHUA English Version

OW2307062594 Beijing XINHUA in English 0601
GMT 23 Jul 94

[Text] Beijing, July 23 (XINHUA)—The United Nations is an international inter-governmental organization composed of sovereign countries. Taiwan, as a province of China, is unqualified for any form of membership or to participate in any UN activities, a Foreign Ministry spokesman said here today.

The spokesman made the remark when asked to comment on the request by a small number of countries in their letter to the UN secretary-general, to deliberate the so-called Taiwan's "representation" in the United Nations.

The spokesman said that the Chinese Government and people express utmost indignation at the request concerning the so-called Taiwan's "representation" in the United Nations by Nicaragua and a few other countries.

This move not only constitutes a serious infringement upon China's sovereignty and gross interference in China's internal affairs, but also gravely contravenes the purposes and principles of the UN Charter as well as Resolution 2758 (XXVI) adopted by the General Assembly at its twenty-sixth session, the spokesman noted.

The spokesman said the United Nations is an international inter-government organization composed of sovereign countries, and that Taiwan, as a province of China, is unqualified for any form of membership or to participate in the related activities in the UN.

The General Committee of the Forty-Eighth Session of the UN General Assembly last year categorically rejected the unreasonable request for inclusion of the so-called question of Taiwan's "representation" on the agenda of the General Assembly, the spokesman said.

This not only reflected the firm stand of an overwhelming majority of the UN member countries for preserving the authority of the UN Charter and the UN decisions, but also indicated that any attempt that goes against the will of the UN member countries is futile and unpopular, he noted.

The Taiwan authorities, however, are not reconciled to their defeat last year, and again this year they have been trying hard to buy support from a small number of countries and draw them over to their side to bring up the old case and make a fanfare for Taiwan's "returning" to the UN.

The attempt is also doomed to failure, the spokesman said.

Twelve Mainland Fishermen Killed in 10 Jul Typhoon

'Timeliness' of Rescue Questioned

OW2307040594 Beijing XINHUA Domestic Service in Chinese 0856 GMT 21 Jul 94

[By reporter Zhang Heping (1728 0735 1627) and correspondent Zheng Zhanpeng (6774 1455 7720)]

[Text] Wenzhou, 21 Jul (XINHUA)—The Dongtou County Government of Zhejiang Province has confirmed that, when a powerful typhoon hit Taiwan on 10 July, 12 mainland laborers working for a fishery cooperation project with Taiwan were killed at the "floating hotel" "Shanghao-3" in the Suao Port in Taiwan's Yilan County because the Taiwan authorities did not provide timely rescue.

According to 31 lucky survivors who had returned to Dongtou County of Zhejiang's Wenzhou City, they were laborers working in Taiwan for a labor cooperation project between the Dongtou County Branch of the Zhejiang Provincial International Economic and Technological Cooperation Company and Taiwan's Shanghao Fishery Company. At noon on 10 July, the storm at sea was so powerful that people on the boat could not even open their eyes. All Taiwan fishing boats at the Suao Port's outer haven had gone to the inner haven to seek shelter. But the "Shanghao-3," on which more than 90 mainland laborers lived and which was only about 60 meters from the shore, for some reason did not go into the inner haven. Li Yinlong, supervisor of the

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mainland laborers, and other people on the boat strongly urged the captain to let them go into the inner haven. At first, the captain simply said: "Nothing will happen; there have not been any typhoons in Taiwan over the last few years." Later on, when he saw that the winds and waves were too violent, he asked the Shanghao Fishery Company through a walkie-talkie to let them go into the inner haven. But the company did not approve his request. It was not until 1400 that day that the company allowed the boat to go into the inner haven. But when they tried to raise the anchor, they found that the propeller was tangled by fishing nets, and the boat could not move.

At about 1500, the storms became even more violent, and Li Yinlong again asked the captain to take emergency measures. However, the captain replied "there is nothing I can do," and rejected Li Yinlong's request that the Shanghao Company send a tugboat to rescue them.

At 1600, the boat's anchor rope was broken by violent waves and the boat lost control. At about 1700, the boat was pushed by waves to about 60 meters from the shore. At that time, the company sent a small supply boat with a few repair workers on it to the "Shanghao-3" in an attempt to stabilize the boat with a new anchor rope. But the small boat was overturned by waves on the way, killing one person.

At about 1800, the "Shanghao-3" was hit by a huge wave more than 20 meters high, washing away more than 30 mainland laborers who were fighting the typhoon on the deck. At about 1830, the captain and some other people on the boat, knowing that they could not expect any help, jumped into the sea to seek survival. At about 2300, a few more persons jumped into the sea in an attempt to survive. That left 18 older and weaker workers on the boat who nailed themselves to sturdy parts in the navigation room, waiting for rescue. They repeatedly shouted to the shore for help, but no one answered.

The next morning, after the storms were over, those on the boat discovered that a Taiwan naval base was just a few hundred meters away from them. But they did not receive any help during the night, during which they were on the verge of being washed away and drowned. They again shouted for help. After a while, they saw no one but a female reporter on the shore. She left after taking photos of them and writing in a notebook. Later on, two persons which seemed to be Shanghao Company executives appeared. So those on the boat again shouted for help. But the other side asked: "Are there any Taiwanese on the boat?" In order to get help, they lied, saying that there were. So they were rescued and brought to shore.

The 18 persons rescued from the boat and those surviving by jumping into the sea, a total of 56 persons, were sent to a local police station and later transferred to Yilan's Ludong No. 1 Police Office. The Taiwan police authorities detained them as criminals on charges of "illegal entry." While they were at the police station and

office, the survivors were ruthlessly abused and physically insulted by the Taiwan police. The police ordered the survivors to strip themselves and crawl on the floor. Those who refused to do so were beaten with electric rods. Some survivors suffering from injuries or diarrhea asked for medical aid. The police not only refused to give them any aid, but also cursed them. Moreover, some policemen pulled Wu Xingyan, who was suffering from diarrhea, out of the jail. They used electric rods to force him to do push-ups on the floor, while they counted and laughed, until he collapsed. From the beginning of their detention, the survivors were frequently interrogated by the police. Li Yinlong and some other people were beaten by the police with fists or electric rods because they protested. Eleven of them had their hair shaved as a punishment for protesting.

While they were in the jail, the survivors made three requests: First, that the police take measures concerning those killed in the incident; second, that they wanted to see the deceased compatriots; third, that the surviving laborers be promptly sent back to the mainland to be reunited with their families. But the Taiwan authorities ignored all of their legitimate requests.

Finally, the 56 survivors were sent back to the mainland on the morning of 16 July. They arrived in Dongtou County at noon on 17 July. Of the 56, 31 were fishermen of Dongtou County and the rest were laborers from Wenzhou City's Leqing County, Shenzhimen of Zhoushan Prefecture, and Fujian's Chongwu County. These people were illegally detained in Taiwan for 5 days and 6 nights.

The Dongtou County Government confirmed on 18 July that 12 mainland laborers were killed in the incident; of these, six were from Dongtou County. As such, the family members of the deceased laborers and survivors from Dongtou County and the Dongtou County Government voiced three concerns: First, because Taiwan's Shanghao Fishery Company did not take preventive measures and during the incident it failed to take effective and prompt measures to rescue those on the boat, the company should assume full responsibility for the incident and pay for all losses and damages. Second, the remains of the deceased should be shipped back to the mainland according to local custom, or the family members of the victims should be allowed to go to Taiwan to identify the remains and then decide what to do. Third, the family members expressed great indignation and voice strong protest over the Taiwan police authorities' detaining, insulting, and cruelly beating the mainland compatriots.

State Council Spokesman on Incident

OW2207142394 Beijing XINHUA Domestic Service in Chinese 1323 GMT 22 Jul 94

[Text] Beijing, 22 Jul (XINHUA)—A spokesman of the State Council's Taiwan Affairs Office today issued a

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statement on the incident which resulted in the deaths of mainland fishery workers off Yilan [Ilan]. Full text of the statement follows:

Taiwan's "Shanghao-3" fishing boat was buffeted by a strong typhoon off Yilan on 10 July. Preliminary investigations show that 10 mainland fishery workers on the boat died in the incident.

It is understood that the fundamental cause of the tragic deaths was the penalty regulations of relevant Taiwan departments which prevent mainland fishery workers staying on so-called "floating hotels" from seeking shelter in port.

We would like to express grave concern over this unfortunate incident. We would like to express our condolences to the deceased and their bereaved families, extend our regards to the mainland fishery workers who were rescued, and express our thanks to the Taiwan compatriots who came to the rescue of our mainland compatriots.

Allowing people at sea to seek shelter during typhoons is the minimum humanitarian norm. Relevant departments in Taiwan should abolish regulations which discriminate against and restrict mainland fishery workers, change their past erroneous practices, investigate who was responsible for the incident, and forestall similar occurrences in the future. They should also permit the bereaved families, representatives from the fishery workers' companies, and mainland reporters to go there

to deal with post-incident matters and report on the incident. They should also compensate the bereaved families.

XINHUA English Version

*OW2207143194 Beijing XINHUA in English 1412
GMT 22 Jul 94*

[Text] Beijing, July 22 (XINHUA)—A spokesman for the Taiwan Affairs Office of the State Council said here today that the fundamental reason for the death of ten fishermen from the mainland was Taiwan's refusal to allow them to take shelter against typhoon.

He said that it is the most rudimentary principle of humanitarianism to allow shelter to people on the seas when they are caught by typhoon.

He urged Taiwan authorities to remove the discriminatory rules and restrictions against mainland fishermen, affix the responsibility for the incident and ensure that no such incident would occur again.

He demanded the Taiwan authorities to allow the families of the dead fishermen and their company representatives to arrange funerals and mainland journalists to cover the event. He also called for compensation for the families of the fishermen.

Ten mainland fishermen were killed when Typhoon Tim slammed into Taiwan on July 10 after a trawler known as "Floating Dormitories" on which the fishermen were staying capsized in the storm.

PRC Warships 'Blockade' SRV's Spratly Oil Facilities

OW2207023594 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 21 Jul 94

[From the "Hookup" program]

[Text] Diplomats and people in oil circles: The Chinese Communists have deployed two warships in waters off Hainan [as heard; it could mean "the South China Sea."] to blockade the oil prospecting facilities built by Vietnam on the Nansha [Spratly] Islands. The Chinese Communists' warships have now driven back at least one Vietnamese ship carrying supplies to the oil prospecting facilities.

Diplomats and people in oil circles warned: The blockade by the Chinese Communist may quickly aggravate the dispute between the two sides and even cause a situation in which they once again face each other with guns.

President Li Comments on ASEAN Regional Forum

OW2407101394 Taipei Voice of Free China in English 0200 GMT 24 Jul 94

[Text] President Li Teng-hui said Friday that it is unfortunate his country had been kept out of unprecedented regional security talks to be held in Bangkok. Mainland China is participating in Monday's ASEAN Regional Forum involving foreign ministers of 18 nations and regional groupings. Taiwan was left out because many of the nations recognize the mainland as the legitimate government of China.

Li said: Such a major issue as the security of the Taiwan Strait and sovereignty over the South China Sea indirectly involves the ROC. So its absence will damage the function and integrity of the forum. Li's comments came in a two-page advertisement in a Bangkok newspaper on the first day of the foreign ministers' meeting of ASEAN, or the Association of Southern Asian Nations.

In a separate news story in the BANGKOK POST, Mainland China's Foreign Minister Chien Chi-chen [Qian Qichen] was quoted as saying the ASEAN Regional Forum can not allow Taiwan to join.

Official Comments on GATT Tariff Talks With U.S.

OW2307124394 Taipei CNA in English 0743 GMT 23 Jul 94

[By T.C. Hu and Sofia Wu]

[Text] Washington, July 22 (CNA)—The Republic of China [ROC] has taken a big step forward in its bid to join the General Agreement on Tariffs and Trade (GATT) following three rounds of trade consultations

with the United States, ROC Vice Economic Affairs Minister Sheu Ke-sheng said here Friday [22 July].

During the just-ended third-round talks, Sheu said, the ROC and the US have reached consensus on many key points concerning Taiwan's GATT membership terms.

"Only a few problems need further discussion in August," Sheu said. "Hereafter, we may exchange views on those problems by fax in addition to face-to-face talks."

During the past five days, Sheu said, the two sides have completed negotiations on Taiwan's tariff reduction plans for thousands of agricultural and industrial products.

Sheu said Taiwan has also proposed a new framework to replace its current non-tariff protective measures for some items. The new framework, including tariffication and quota systems, aims to give Taiwan farmers and manufacturers time to adapt themselves to the new trade situation following Taiwan's GATT accession. American negotiators said they will carefully study the framework and will discuss it further during the next round of talks.

The two sides have resolved their differences over some provisions of the Special Exchange Agreement, which Taiwan is required to sign before it can be admitted to GATT, Sheu said. In the agreement, Taiwan promises to help remove barriers on international capital movement. The key points of the accord will be included in the formal protocol defining Taiwan's terms on GATT entry.

Sheu said Taiwan will scrap its alcohol and tobacco monopoly system and will follow the GATT requirement of "zero tariffs" on spirits and beer imports after its joins GATT. "We have also drafted new regulations governing alcohol and tobacco production, distribution and taxation," he explained.

American negotiators were generally satisfied with Taiwan's liberalization plans for service industries and public purchase markets, Sheu said. "They also did not voice any objections to our plans for improving intellectual property rights protection, including amendments to copyrights, trademark and patent laws and legislation of new laws on integrated circuit design and business secret protection," he added.

The five-day third-round talks ended Friday evening. Sheu and other ROC delegates will leave for Geneva Saturday to attend the sixth meeting of the GATT working party screening Taiwan's membership application, which will be held on July 26-27. While there, the ROC delegation will also hold bilateral trade consultations with Australia, New Zealand, Canada, South Africa and Argentina under the GATT framework.

Taiwan applied to join GATT in 1990 and hopes to become a full member by the end of this year. Its talks with the US were considered the most important because

the terms reached in such negotiations may be followed by other GATT contracting parties.

Bodies of Mainland Seamen Killed in Typhoon Confirmed

OW2507084194 Taipei Voice of Free China in English 0200 GMT 24 Jul 94

[Text] The chairman of a Suao-based Fishermen's Association Friday [22 July] confirmed that 10 bodies discovered in Taiwan's coastal waters in the aftermath of Typhoon (Tim) nearly two weeks ago, are those of mainland crewmen employees on a Taiwan fishing boat. Li Yuan-chi, chairman of private association of fishermen in a Suao area in northeastern Taiwan, said the identities of the bodies have been confirmed by their relatives on the Mainland. He went to the Mainland Thursday to meet with the families of seamen who illegally worked on a Taiwan trawler.

Meanwhile, officials here said, as details were being [word indistinct], before mainlanders can eventually be permitted to work on Taiwan fishing boats. The Mainland Affairs Council will [words indistinct] on a so-called floating hotel, starting in two months. Floating hotels refer to covered trawlers anchored off the coast of Taiwan, which serve as dormitories for mainland seamen working on Taiwan fishing boats.

Mainland Citizens Permitted To Work on Boats

OW2207170494 Taipei CNA in English 1336 GMT 22 Jul 94

[By Benjamin Yeh]

[Text] Taipei, July 22 (CNA)—In the wake of the drowning deaths of 10 illegal mainland fishing crew during Typhoon Tim, the government on Friday [22 July] agreed to temporarily permit mainland crewmembers to work aboard Taiwanese boats, ostensibly as a way of alleviating the acute labor shortage.

The decision was made during a meeting of officials from the Council of Agriculture, the Council of Harbor Affairs, the National Security Bureau and the Coast Guard.

[Name indistinct], vice chairman of the Council of Agriculture, said, however, that mainland crewmembers will still not be allowed to stay on Taiwan soil, meaning the crewmen will have to be picked up on the mainland side of the Taiwan Strait for work.

[Name indistinct] said the technical issues as to how the mainland crewmembers would be transported to and from work will be further discussed during an intraministerial meeting slated by the Mainland Affairs Council (MAC) for July 26.

According to the new regulation, mainland sailors must not exceed more than 50 percent of the crew on board each fishing boat in order to protect job opportunities for local crewmembers.

The MAC within the next two months will begin to crack down on ship [passage indistinct] mainland crewmen currently working on Taiwan fishing boats.

Friday's meeting came 11 days after a "floating hotel" used to house illegal mainland crewmembers ran aground off the coast of northeastern Taiwan during Typhoon Tim, killing 10 mainland crewmen.

The incident gave the mainland, which has been on the defensive over the deaths of 24 Taiwan tourists on Qiandao Lake on March 31, an opportunity to fire back at Taiwan on the issue of how mainland workers [passage indistinct].

The Association for Relations Across the Taiwan Strait (ARATS), the semi-official body authorized by Beijing to handle private exchanges with Taiwan, on Thursday faxed a message to its Taiwan counterpart, the Straits Exchange Foundation, accusing the authorities of having denied entry to the mainland crewmen in an emergency situation.

That inflexible rule, ARATS claimed, was the cause of the tragedy. Though the charge was refuted by the MAC, the 10 deaths prompted Premier Lien on Thursday to call for a thorough review of policy concerning mainland crewmembers working for Taiwan boats.

Meanwhile, a group of Democratic Progressive Party (DPP) lawmakers called on the MAC on Friday, demanding that the fifth round of cross-strait talks on technical issues be either suspended or held in a third place to protest Beijing's poor handling of the Qiandao Lake incident. The meeting is slated to begin here on July 30.

The DPP lawmakers, while denying the Qiandao Lake incident and the recent drownings of the mainland crewmen are comparable, made it clear that the DPP, Taiwan's major opposition party will stage a protest upon the arrival of the standing vice president of ARATS, Tang Shubei.

MAC, SEF Discuss Agenda for Upcoming Talks

OW2407223594 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 23 Jul 94

[From the "Hookup" program]

[Text] Huang Kun-hui, chairman of the Mainland Affairs Council (MAC) under the Executive Yuan, on 23 July said that according to the intelligence obtained by the MAC, the members of the negotiating delegation of the Association for Relations Across the Taiwan Strait (ARATS) who are scheduled to come to Taiwan at the end of this month were personally selected by Chien Chi-chen [Qian Qichen], deputy head of the CPC Central Committee Leading Group for Taiwan Work and State Council vice premier. Meanwhile, one of the ARATS' important missions in attending the talks will

be conveying the incorrect impression to the world that the two sides of the strait are holding peace talks and, by taking this chance, stressing the significance of a CPC unit doing united front work concerning Taiwan carrying out its work on Taiwan.

Meanwhile, the Strait Exchange Foundation [SEF] and the MAC jointly held a high-level briefing on 23 July at which preliminary arrangements on the agenda for the Taipei talks and matters concerning receiving the ARATS delegation were made. It was preliminarily decided that SEF President Ku Chen-fu, as the host of the talks, will fete Tang Shu-pei [Tang Shubei] and other members of the ARATS delegation; other guests invited to the banquet will mainly consist of SEF personnel. (Yang Hsin-hui) has a report:

[Begin recording] [(Yang)] As soon as it was finalized that the ARATS will send personnel to join the two-phase talks in Taipei, the MAC and SEF immediately held a joint high-level briefing to make preliminary arrangements on the agenda for the Taipei talks and matters concerning receiving the ARATS personnel. It has been preliminarily decided that after the arrival of Tang Shu-pei, SEF President Ku Chen-fu as the host will fete the ARATS delegation, and all other guests invited to the banquet will mainly be personnel from the SEF.

As for whether Tang Shu-pei will meet officials in Taipei, MAC Vice Chairman Kao Kung-lien said that their counterparts had no intention of meeting the officials, according to the information obtained. As far as the agenda is concerned, the SEF put forward a draft agenda at the joint briefing, which has been approved by the MAC. During the talks, the SEF will not only present an explanation on various items on the agenda but will also provide two explanatory documents on Taiwan's stand on the floating hotel and the expulsion of mainland fishermen by Taiwan troops stationed on Kinmen [Island].

The negotiations on the Chientao [Qiandao] Lake incident will be brought up with matters concerning tour safety. Speaking on the possibility that the ARATS will also bring up the incident of the floating hotel at that time and thus bring the talks into a state in which each side insists on its own stand, Kao Kung-lien said that these were two different, individual cases which should not hinder cross-strait contacts.

[Kao] Cross-strait relations should not be obstructed by some special, individual cases. We hope to develop a good pattern of mutual reciprocity and deal with those individual cases by finding out who should be held responsible and determining reasonable compensation. Of course, a reasonable attitude should be assumed in deciding who should be responsible in the cases.

[(Yang)] As for the ARATS delegation's itinerary in Taiwan, it has been preliminarily learned that it will visit the Palace Museum, the industrial park, and the exhibition hall of the China External Trade Development

Council. This has been a report by China Broadcasting Corporation reporter (Yang Hsin-hui) at the MAC. [end recording]

ARATS Official Comments on Fifth Working Talks

OW2407045794 Taipei LIEN HO PAO in Chinese
15 Jul 94 p 6

[By reporter Wang Mei-hui: "Tang Shu-pei (Tang Shubei): It Is Still Possible To Reach an Agreement on Working Talks"]

[Text] Peking (Beijing), 14 Jul—In an exclusive interview with this newspaper's reporter today, Tang Shu-pei [Tang Shubei], executive vice chairman of the Association for Relations Across the Taiwan Strait [ARATS], stressed: ARATS absolutely does not have any disrespect for Taiwan's jurisdiction. As long as the two sides are willing to hold discussions on this issue, it is still possible to reach an agreement at the fifth cross-strait working talks. On the issue of travel safety, which was raised by the Strait Exchange Foundation [SEF], Tang Shu-pei said: It is not because of ARATS' unwillingness to talk, but only because the two sides' views on the main issues are not unanimous. ARATS proposes to first exchange opinions on the issue of cross-strait exchanges, and once a common understanding is reached, it can be included in the agenda of the next formal talks.

Tang Shu-pei said that his preparations to travel to Taipei would go ahead regardless of whether or not the deadlock could be broken at the fifth working talks. Barring any unforeseen circumstances, he will be leaving for Taipei on 26 July.

On SEF's explanation for notable differences in the agendas of both sides, Tang Shu-pei said: ARATS and SEF should be unanimous on three working topics. The two organizations have not reached a unanimous opinion on only the "travel safety" topic. However, he stressed that in principle, ARATS would not oppose discussions on this issue. The opinions of the two sides differ only on whether or not to include this issue as an item for the talks.

The following are excerpts of the interview:

[Wang] The State Council's Taiwan Affairs Office recently said that the two sides of the Taiwan Strait should strengthen working talks. Does ARATS have any specific plans for this?

[Tang] We have consistently held that the two organizations should strengthen their contacts to comprehensively implement the joint agreements of the Wang-Ku [Wang Daohan-Ku Chen-fu] talks. We have now held talks on three working topics and exchanged opinions on several issues, and we hope to further our discussions. We may also hold talks on economic issues and on scientific and technological exchanges, which would be better for the talks as long as we do not impose too many

conditions. Last year, we proposed a timetable for the ARATS-SEF talks. I will again exchange opinions with the SEF when the opportunity arises to comprehensively implement the joint agreements of the Wang-Ku talks.

[Wang] Neither the four working talks held since last August nor the Jiao-Tang [Chiao Jenho-Tang Shupe] talks in Peking in February achieved positive results. What is the crux of the problem?

[Tang] We discussed this when Mr. Chiao last came. I feel that the two organizations should avoid sensitive political issues. This is because only when cross-strait mass organizations use the working method to deal with issues of common concern to compatriots on the two sides of the Taiwan Strait can sensitive political issues be avoided. From the recently published Taiwan White Paper, however, I feel that Taiwan's understanding of this issue is still different from ours. I think, however, that this issue can be discussed further.

I must stress one point, however. The mainland side absolutely does not have any disrespect for Taiwan's jurisdiction, and we hope Taiwan's policy-making friends can understand this point. What we are concerned about is whether or not to repatriate plane hijackers. If you want to repatriate them, then just send them back. We can then discuss the repatriation procedure. If we adopt this attitude, the issue of jurisdiction can be completely avoided.

[Wang] Can this issue be eliminated at the fifth working talks? How do you appraise these talks?

[Tang] After several talks, the two sides have shown clear stands. It would be very good if the talks end in agreement. We hope to communicate further with each other on other issues if we cannot reach an agreement on this one. We do not necessarily need to spend a lot of time arguing the issue. We can spend time on other matters.

Of course, if Mr. Hsu Hui-yu and Mr. Sun Ya-fu [Sun Yafu] cannot reach any agreement in two days, the talks can be extended by one day as long as they share the same ideas and hold further discussions on wording of the agreement.

[Wang] The SEF wishes to talk about the issue of travel safety, whereas ARATS wants to talk about the mainland fishing boat issue. The two sides do not even have a common understanding on other topics, how are they going to talk?

[Tang] We have proposed exchanging opinions informally on issues concerning the safety of lives and property in the course of exchanges between compatriots on the two sides of the Taiwan Strait. We say "informal" because the two sides have not reached an agreement on this issue. When a common point is found following the exchange of opinions, we can include it in the agenda for subsequent talks.

The SEF has asked to hold talks on travel safety, whereas we want to talk about three issues. First, the "travel exchanges" issue includes travel safety. However, since travel safety is an important issue in travel exchanges, how can we talk about travel safety when there are no cross-strait travel relations? Second, we want to talk about the rights and interests as well as other issues relevant to Taiwan compatriots' investment on the mainland. This could include the issue of Taiwan businessmen's safety on the mainland. Third, we want to talk about the issue of Taiwanese troops stationed in Chinmen and Matsu injuring and killing mainland fishermen.

[Wang] As a frontline person specifically responsible for Taiwan affairs, what is the significance of your Taiwan trip?

[Tang] I do not wish to overestimate myself. I will visit Taiwan as the executive vice chairman of ARATS, the person in charge of the cross-strait mass organization, and at the invitation of Mr. Chiao. If some progress can be made in the exchange of ideas, the visit will play a positive role in enhancing mutual understanding and cooperation between the two organizations. Of course, I hope to have the opportunity to meet Mr. Ku and consult with him personally.

[Wang] What expectations do the Central Committee of the Chinese Communists, the State Council's Taiwan Affairs Office, and Chairman Wang have for your trip? And, in the event that draft agreements are not signed, the symbolic importance of your trip will be greater than the substantive importance. How can this help alleviate the tension in cross-strait relations?

[Tang] I cannot shoulder this enormous task. I would like to thank the Taiwanese media for this comment. As the person in charge of the mass organization, I continue to carry out my duties by meeting with persons in charge of Taiwan's SEF to exchange ideas based on nongovernmental, economic, consultative, and working aspects of the joint agreements of the Wang-Ku talks. If this task can be accomplished, it will benefit cooperation between the two organizations and bring about a positive role in cross-strait relations. Mr. Chiao and I are both in this position, and we will try to do the job to the best of our abilities, but expectations of us should not be too high.

Chairman Wang is very concerned about the talks and he hopes the visit can proceed according to plan. The State Council's Taiwan Affairs Office is also very supportive of this visit and hopes that the two organizations can further their cooperation, eliminate misunderstanding, and enhance common understanding. This goal is unanimous.

Even if draft agreements are not signed, this visit can make Taiwan further understand ARATS' position. This is not disrespect for Taiwan, but the visit can be considered a gain for Taiwan. In addition, the two organizations will continue to maintain contact in accordance

with the agreement. Meanwhile, the fact that my visit is a result of the implementation of the agreement between the two organizations bears profound significance.

Participants in Upcoming SEF-ARATS Talks Noted

OW2307012594 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 20 Jul 94

[Report by Liang Chin-hui of the Broadcasting Corporation of China; from the "Hookup" program]

[Text] The fifth round of talks between the Straits Exchange Foundation [SEF] and the Association for Relations Across the Taiwan Straits [ARATS] of the two sides—which is scheduled to start at end of this month—and the second round of Chiao-Tang talks made headway on 20 July.

On the afternoon of 20 July, the SEF sent a letter to the ARATS, suggesting that the fifth round of routine negotiations be held for four days starting on 30 July, and that Chiao-Tang talks be held starting on 4 August. Afterwards, the ARATS also sent a reply letter to the SEF on the same night to express its concurrence. The ARATS also pointed out that Tang Shu-pei [Tang Shubei], executive vice chairman of the ARATS, will come to Taipei on (?3 August). Meanwhile, the ARATS informed the SEF that the seven members who will come to Taipei on 29 July for routine negotiations would include Sun Ya-fu [Sun Yafu], deputy secretary general of the ARATS, and (Li Teng-min), (Wang Chien-yuan), (Ho Ting) of the (?Ministry of Public Security), (Hao Cheng-yu) of the (?Department of Public Security), (Lin Yu) of the Agricultural Department of Fuchien [Fujian] Province, and (Ho Ching-liang) of the Taiwan Affairs Office of the State Council. Twelve mainland reporters will come with them, including reporters of the mainland's Central TV Station, CHINA NEWS AGENCY, NEW CHINA NEWS AGENCY [XINHUA], PEOPLE'S DAILY [RENMIN RIBAO], China International Radio Station, CHINA DAILY [ZHONGGUO RIBAO], the Voice of Taiwan, and the Voice of the Straits.

The ARATS also requested that our side issue travel documents according to the procedures governing the entry and exit of participants of meetings between the two organizations and give appropriate and courteous treatment to the participants when they go through customs.

Chairman Huang Kun-hui of the Mainland Affairs Council said that he would not [words indistinct] (?exclude the possibility) of a meeting with Tang Shu-pei at that time.

Burkinabe President Concludes Visit, Departs

OW2407191294 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 22 Jul 94

[From the "Hookup" program]

[Text] Burkinabe President Blaise Compaore, who was paying a visit to Taiwan, and President Li Teng-hui signed a joint communique on the morning of 22 July. At a news conference prior to his departure, President Compaore reiterated that Burkina Faso firmly supported the bid of the Republic of China [ROC] to join the United Nations and that it was willing to act as a bridge and to publicize the ROC's achievements and situation in the international community to other African countries so that they will establish closer ties with the ROC. Liu Yu-mei has a report:

[Begin recording] [Liu] Burkinabe President Blaise Compaore, who was paying a visit to Taiwan, went to the Office of the President to bid farewell to President Li Teng-hui and his wife on the morning of 22 July. They also signed a joint communique and decided to hold the first joint committee meeting of the two countries in Ouagadougou next June. Compaore invited President Li to pay an official visit to Burkina Faso, and the latter accepted the invitation cheerfully. The visiting delegation then held a news conference before its departure.

Speaking about the ROC's situation in the international community, Compaore said through a Chinese interpreter that Burkina Faso and other 11 countries had written to UN Secretary General Butrus-Ghali and proposed a thorough discussion about the ROC's UN membership and other controversial issues.

[Unidentified interpreter] The United Nations is universally known as a tribune of international politics that encompasses problems concerning the people and politics of all countries around the world. Therefore, it is unreasonable to ignore the wishes of the 21 million people of the ROC for Taiwan to join this political tribune, which belongs to all mankind, like other countries join it.

[Liu] Compaore stressed: The ROC has few contacts with most African countries because there are no diplomatic ties between them, and most countries have few ideas about the ROC's development. With its certain influence on various organizations in central and [words indistinct] Africa, Burkina Faso is willing to act as a bridge and publicize in those countries the ROC's achievements and situation in the international community.

[Unidentified interpreter] As a faithful friend of the ROC, Burkina Faso is very willing to play a connecting role in the hope that the relations between China [as heard] and [words indistinct] Africa will improve.

[Liu] Compaore said he had gained a better understanding of the ROC's [words indistinct] and achievements through this visit and that he was deeply impressed by the hard work, high morale, and exuberant vitality of the people here. He also expressed his admiration of the ROC's scientific progress and agricultural technology. He said: With its rich mineral resources, Burkina Faso is a country with great potential. He

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expressed his hope of improving his country's rice production and exploring mineral resources with the ROC's technology. The achievements resulting from the cooperation of the two countries will become an example displayed to Africa and the whole world in the future. Therefore, Compaore particularly stressed that his visit was indeed of historical significance. Compaore concluded his visit in the afternoon and left Taiwan by special plane. This has been a report by Liu Yu-mei in Taipei. [end recording]

Officials Decline Comment on Possible Submarine Purchase

OW2407230194 Taipei TZU LI WAN PAO in Chinese
19 Jul 94 p 1

[By reporter Chiang Ching-ling (3068 7234 3781)]

[Text] Regarding a report carried by the U.S. DEFENSE NEWS saying that Taiwan is considering purchasing submarines from countries other than the United States, the Ministry of National Defense and the Navy General Headquarters, respectively, on 17 July said that they have "no comment" on this and "are temporarily unable to verify it." According to informed sources, however, our country did make a request of the United States concerning the purchase of submarines. The sources also said that China (Taiwan) and the United States did discuss this purchase at a meeting on military purchases held in Washington.

A national defense figure pointed out that it is our adopted defense policy to purchase state-of-the-art fighter planes and submarines. At present, our country has already purchased F-16 and Phantom-2000 fighters. However, things have not gone smoothly as far as the purchase of submarines is concerned, except for those already purchased from the Netherlands.

According to an analysis by informed figures, submarines, judging from a traditional viewpoint, are "offensive" weapons which can be used to blockade the enemy. Besides being able to enforce a blockade against the enemy at sea, submarines can also launch attacks against planes. Therefore, when it comes to selling nondefensive weapons to Taiwan, the United States and other countries are particularly careful. That is why Taiwan finds it difficult to purchase submarines from other countries.

Air Force Replaces 28 Defective IDF Engines

OW2507091094 Taipei LIEN HO PAO in Chinese
11 Jul 94 p 4

[By reporter Lu Chao-lung 0712 2507 7127]

[Text] Taipei—Ever since the Air Force received its IDF [Indigenous Defense Fighter] planes, it has replaced 28 engines owing to precarious engine performances. As the Air Force has received only 20 or so prototypes of the twin-engine plane, and it has replaced 28 of the engines, totalling less than 50, the replacement percentage can be

described as high. The Air Force has expressed worries over the engines in a report submitted to staff headquarters.

The Air Force has been carrying out special checks on the engine's "control valve," which is similar to the valve that controls fuel in an automobile engine. According to an official concerned, comprehensive checks have been made because a small defect was found in the valve, and not because there was any major problem.

An official of the Aeronautics Development Center [ADC] said the engine replacement will "absolutely not" affect future IDF production because the engines in question were not the center's products and it will not use the engines on its production line [sentence as published]. He added the ADC is unable to support the Air Force because its engine assembly process has been quite slow. It was reported that the replaced engines were "spares" which the Air Force had purchased.

It was disclosed that the ADC will purchase an additional 250 engines for IDF production.

Meanwhile, the IDF's fuel leak has been found to be assembly line workers' negligence, and these workers have been disciplined by the military. No further fuel leaks have been found.

The Air Force had been quite concerned over the seepage of fuel from the IDF's oil tanks. Although the location of the seepage did not pose any threat to safety, the Air Force was wary about fuel seepage in some other locations of the fuel tanks.

According to ADC officials, former IDF assembly line workers did not hold one post permanently, and the problem might have occurred when they were transferred to assemble a new system after having assembled a different one previously.

Meanwhile, while nobody is sure how long formation of an IDF squadron will be delayed since the schedule of the plane's designing, development, and mass production have been revised several times, an Air Force report says the formation project will be five years behind schedule. However, since most of the delays were caused by objective factors, and this is the first time the country has developed a jet fighter, the staff headquarters only considers the delay a shortcoming and has no intention of investigating the responsibilities of any administrative department.

It was reported that the performance of the F-16 did not stabilize until six years after the plane was built. This being the case, the ADC considers the IDF's uncertainties as normal.

Ministry Approves 27 Projects for Investing in PRC

OW2407222994 Taipei CHUNG KUO SHIH PAO in Chinese
20 Jul 94 p 1

[Text] The Economic Affairs Ministry on 19 July reconvened its mainland investment screening meeting, which

had been suspended as a result of the Chientao [Qiandao] Lake incident. The meeting approved 27 investment projects, under which long-haul passenger transportation services, tourist hotel construction, elevator manufacturing, and aquaculture were approved for the first time.

Three investment projects involving the manufacturing of carbon fiber golf clubs, real estate development, and snake raising were not approved. Vice Economic Affairs Minister Li Shu-chiu said: The Interior Ministry, believing that incomplete Mainland Chinese property statutes will increase the risks of real estate investors, decided not to lift controls on investing in property on Mainland China. The government once again made known its attitude that it would not permit investment in property on Mainland China.

Vice Economic Affairs Minister Li Shu-chiu noted: Of the 41 investment applications that were reviewed yesterday, nine were worth more than \$1 million each. Six shareholders simultaneously filed applications for one particular project, which was worth \$5 million and which involved the manufacture of imitation leather. The relevant departments suspected that the applications had something to do with listed companies. Also, they had to further determine how the proposed project was related to the industrial category to which it belonged. Consideration of the investment application was deferred as a result.

Cars Expected To Lose Market Share After GATT Entry

OW2507104194 Taipei CNA in English 0746 GMT
25 Jul 94

[By Sofia Wu]

[Text] Taipei, July 25 (CNA)—The share of Taiwan-made cars in the domestic market may decline from the current 75 percent to about 50 percent by the year 2000 because of the government's market-opening measures, the Industrial Development Bureau (IDB) said Monday [25 July].

The local car market will be saturated by 2000 when domestic demand is expected to be about 850,000 cars, the bureau said in a report on the probable impact of Taiwan's GATT entry on the domestic automobile industry.

Taiwan produced 401,000 cars in 1993, with locally-made cars commanding a 75 percent market share, the report said.

The market share is expected to drop steadily in the years ahead as the government has decided to open the auto market wider to foreign automakers upon Taiwan's entry to the General Agreement on Tariffs and Trade (GATT), the report said.

Taiwan currently allows free imports of American and European cars. Upon its accession to GATT, Taiwan must open its auto market to all other GATT contracting parties.

Some 10 countries, including Japan, Canada, Malaysia, Mexico, South Africa and Brazil, have expressed strong interest in exporting cars to Taiwan. Among them, Japan, South Korea and Mexico will be the strongest competitors, the IDB report said.

Although Taiwan prohibits compact car imports from Japan, Japanese automakers managed to export a total of 59,324 compact cars to Taiwan from their subsidiaries or joint-venture firms in the United States in 1993. The number accounted for 44.51 percent of total imported compact sedans.

Taiwan has suspended auto imports from South Korea since the two countries severed diplomatic ties in August 1992. Korean cars are highly competitive in the world market because of their low prices, the report said.

Following its GATT entry, Taiwan must further lower its import duties on compact cars in line with GATT requirements. The move will make imported cars more competitive here.

Previous records show the market share of Taiwan-made cars has declined each time the government lowered tariffs on imported cars. The market share dropped from 78 percent in 1987 to 62 percent in 1988 when the government lowered the tariff rate from 55 percent to 42.5 percent. The share again fell from 76 percent in 1991 to 70 percent in 1992 when the tariff rate was cut from 40 percent to 30 percent.

IDB officials said the government will set an annual import quota for each major auto exporting country. Imports which meet the quotas will be subject to a low tariff rate, while imports exceeding the quotas will be subject to high tariff rates.

In addition, Taiwan must lift local-content rate restrictions on auto manufacturers two years after it enters GATT. The liberalization will have a great impact on the local auto parts industry, the officials said.

Against this background, the officials said, local automobile and parts manufacturers should cooperate more closely and adjust their production and marketing strategies to survive the coming challenges.

Labor Productivity Fuels Manufacturing Growth

OW2507104594 Taipei CNA in English 0705 GMT
25 Jul 94

[By Danielle Yang]

[Text] Taipei, July 25 (CNA)—Increased labor productivity has replaced labor force growth as the major

driving force of the manufacturing industry, the Council for Economic Planning and Development (CEPD) said Monday [25 July].

CEPD officials said that Taiwan's manufacturing growth traditionally resulted from an increase in the number of laborers and not through greater labor productivity. But this changed in 1985.

Between 1982 and 1985, Taiwan's manufacturing industry grew an average of 7.7 percent each year, with labor force increase contributing 4.2 percent growth and labor productivity contributing 3.5 percent. During this period, labor force growth led to industry growth.

But since mid-1985, labor productivity has become more important. Since then, an increase in labor productivity has had more of an impact on manufacturing growth than increases in labor force size.

The officials urged local manufacturing industries to continue the trend by investing in research and development and upgrading industrial technology. This will boost competitiveness, they said.

Information Industry Fuels Export Expansion

*OW2507081594 Taipei CNA in English 0651 GMT
25 Jul 94*

[By Danielle Yang]

[Text] Taipei, July 25 (CNA)—Increasing orders of information products by international computer giants

are fueling Taiwan export expansion, the Ministry of Economic Affairs (MOEA) said Monday [25 July].

During the first half of 1994, IBM, Hewlett Packard, Compaq and Apple placed US\$5.02 billion worth orders with Taiwan computer manufacturers, including Tatung, Acer and Mitac, an MOEA official said.

The value of information product orders was up 31.8 percent from the first half of 1993, and represented the largest export growth among Taiwan's top 20 industries, the official said.

Judging from the fast growth, Taiwan's information industry is expected to replace the textile and electronics industries as the top export industry within two or three years, the official said.

In terms of production value, Taiwan's information products were worth US\$4.62 billion during the six-month period, up 14.5 percent from the same period of 1993. The MOEA predicted that production value will top US\$11 billion by the end of the year.

Among the computer products, notebook computer output grew 58.3 percent during the January-June period, followed by a 30 percent increase in keyboard and scanner output, MOEA statistics showed.

Chairman Hou Chin-hsiung of the Taipei Computer Association said the information industry surely will surpass the electronics industry within three years.

Acer Chairman Stan Shih even predicted that the information industry will outpace the petrochemical industry to become Taiwan's largest industry by 2000.

Hong Kong

PRC's Ding Guangen Meets Press Delegation

OW2407100194 Beijing XINHUA in English 0939
GMT 24 Jul 94

[Text] Beijing, July 24 (XINHUA)—Ding Guangen, member of the Political Bureau of the Chinese Communist Party Central Committee, met and had a cordial and friendly talk with a delegation from the Express News of Hong Kong here today.

The delegation led by Robert H.S. Ng, chairman of the Express News Ltd. and South China Holdings Ltd., arrived here on July 22 for a three-day visit as guest of the information office of the State Council, the Hong Kong and Macao affairs office of the State Council and the Hong Kong branch of the XINHUA NEWS AGENCY.

Present at the meeting today were Zeng Jianhui and Li Bing, director and deputy director of the Information Office of the State Council, and Sun Nansheng, head of the Information Department of the XINHUA NEWS AGENCY Hong Kong branch.

Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council, also met with the delegation during its stay here.

The members of the delegation include Christina C.N. Cheung, director of the Express News Ltd. and South China Holdings Ltd., Peter Chiu, director and chief editor of the Express News Ltd., and Lam Ping Hang, executive chief editor of the Express News Ltd.

XINHUA's Zhou Nan Visits Landslide Site

OW2407140994 Beijing XINHUA in English 1258
GMT 24 Jul 94

[Text] Hong Kong, July 24 (XINHUA)—Zhou Nan, director of the Hong Kong branch of the XINHUA NEWS AGENCY, expressed sympathy with victims, who died or were injured in a landslide in western Hong Kong island last night.

During a visit to the collapse site this afternoon, Zhou urged the authorities to come up with measures to avoid the repeat of such tragedy.

Three people including two from one family—a 36-year-old man and his daughter and a 26-year-old man died, when a retaining wall below one of Hong Kong's biggest housing estates in Kennedy Town, Hong Kong island, collapsed on to a foot path at about 9:00 pm Saturday.

Three others including the 33-year-old mother of the same family and her son and a 29-year-old woman were injured in the tragedy. They were rushed to a nearby hospital where they were described as being in a fair condition.

Rescue workers continued their search for more possible survivors today, while families were evacuated from the nearby buildings and moved to temporary alternative accommodations.

Officials on Prospects for Sino-British Cooperation

HK2507065794 Hong Kong EASTERN EXPRESS in English 25 Jul 94 p 2

[Text] The local pro-China party, the Democratic Alliance for the Betterment of Hong Kong (DAB), has warned that the September meeting of the British and Chinese foreign ministers may do little to heal the rift over the territory's political future after 1997. At the City Forum yesterday, the DAB chairman, Tsang Yok-sing, attributed the prevailing mood of non-cooperation between the two countries to a change in Britain's policy on Hong Kong.

The Chinese Foreign Minister, Qian Qichen, will meet Douglas Hurd, the British Foreign Secretary, in New York while attending a United Nations plenary session. Tsang said since Hong Kong was a key component of Sino-British relations, the two-year row over political reform had caused a great deal of harm.

The chairman of the Hong Kong Democratic Foundation, Shiu Kin-ying, said it was more important for Hong Kong in its transitional period that China's most senior official in charge of the territory, Lu Ping, meet the Governor, Chris Patten. Shiu said if the two countries were sincere about cooperating, Lu and Patten should meet as soon as possible. Lu, the director of the Hong Kong and Macao Affairs Office, snubbed the Governor earlier this year during his first visit to Hong Kong since the constitutional reform row began.

Joseph Cheng of the City Polytechnic said he did not see how Britain and China could co-operate in the next three years after failing to agree on Hong Kong's political future. He said Hong Kong could only hope for limited cooperation between the two countries on issues such as passports for the Special Administrative Region (SAR).

In Beijing, the Vice-Premier Li Lanqing reiterated there was no guarantee that British firms doing business in China would not be affected by the row over Hong Kong. "We can't say that Britain's confrontational policy over Hong Kong issues will not have any negative impact on the development of trade relations between Britain and China," Li said.

Pro-China Party Criticizes 'Selective Cooperation'

HK2507084094 Hong Kong HONGKONG STANDARD in English 25 Jul 94 p 4

[By Jim Cheung]

[Text] China deliberately snubbed the British Minister Responsible for Hong Kong Affairs during his recent fence-mending visit, a pro-China political figure said yesterday.

While academics and politicians dubbed Alastair Goodlad's visit to China a mere "political gesture", the leading pro-China party claimed that the fruitless high-level talks had demonstrated there was little hope of a thaw in Sino-British relations in the remaining years before Hong Kong's transition to Chinese sovereignty.

Democratic Alliance for the Betterment of Hong Kong chairman Tsang Yok-sing said the cold shoulder China had given Britain was a protest against Britain's confrontational stance over Hong Kong's political reforms. Mr Goodlad's treatment in China had reflected Beijing's discontent over London's intention of "selective cooperation" over Hong Kong's transition, he said. Mr Tsang accused Britain of selectively co-operating with China, urging China to resume discussions over Hong Kong's economic and livelihood matters but remaining confrontational over the territory's political future.

"Britain wanted Mr Goodlad to take a message to Beijing that Sino-British political wrangling was not essential," Mr Tsang said in yesterday's City Forum. Britain had wanted to see if China would consent to other aspects of co-operation after the torrents of criticism in the past two years, when Sino-British relations had hit a low over constitutional reform, Mr Tsang said. "But China is telling Britain that it will not allow any selective co-operation," Mr Tsang said.

The United Democrats lashed out at China's snub, condemning it as a breach of Hong Kong people's interests. "If China rejects (all) cooperation just because the two authorities cannot fully cooperate, it has dumped the interests of Hong Kong people," party legislator Cheung Man-kwong said. Mr Tsang predicted that there would be no breakthrough in Sino-British relations in the near future. He slammed the British government for betraying China over the territory's political stability in the past. "China is worrying that Britain will adopt the same attitude to deceive it again over other aspects," Mr Tsang said. He also dampened hopes of improved relations following an expected meeting between the foreign ministers of the two countries at the United Nations in September.

"If Britain refuses to resume a co-operative stance as laid down in the Sino-British Joint Declaration, I can't see how the meeting of the two ministers would be fruitful," he said.

Liberal Party legislator Howard Young urged China's most senior official in charge of Hong Kong affairs, Lu Ping, to meet Governor Chris Patten before the two foreign ministers are due to meet.

Academic Joseph Cheng said Britain's move to mend Sino-British relations were just a token gesture in the guise of economic interests. Professor Cheng, dean of Humanities and Social Sciences at the City Polytechnic, said Britain had wanted to test China after the long-running political wrangle.

Plan To Import PRC Workers Threatened by Passport Issue

HK2507065094 Hong Kong EASTERN EXPRESS in English 25 Jul 94 p 2

[By Rain Ren]

[Text] Hong Kong's pilot scheme to import 1,000 mainland white-collar workers is in danger of collapsing unless China and Britain can agree on the potential employees' passports. The scheme has remained frozen since China insisted the imported employees enter Hong Kong on "official" Chinese passports. Beijing is now threatening to boycott the scheme if the Hong Kong government maintains the workers can enter the territory on either ordinary or official passports.

Official Chinese passport holders are subject to the control of Chinese organisations in the country of destination. The Hong Kong government is adamant that its immigration policy specifies migrant mainland workers can hold either official or ordinary Chinese passports. There are three passports for Chinese travellers—official, ordinary and diplomatic.

Discussions are being carried out between the Immigration Department and the local office of the New China News Agency (Xinhua). Lam Woon-kwong, the deputy secretary for education and manpower, tried to play down the row, saying the Government was still considering what kind of valid travel document was the most appropriate for the mainland workers coming to Hong Kong. "Our position is that we will accept any type of valid travel documents," he said. "But we understand China has a number of different types of passports for people travelling outside of the country for different purposes."

He said it was quite normal for the Government to consider what sort of passports should be endorsed for employment purposes in the territory. The Government had the right to issue visas for Chinese workers with official or ordinary passports. A mainland official said China's insistence on official passports was based on practical considerations of Hong Kong's unique situation. He said once an ordinary passport holder entered Hong Kong, he or she could switch jobs or even go to other countries. "We must exercise some control over them," the official said. "It is good for Hong Kong in the long term."

"It is stupid for the Hong Kong government to argue with us because we will not agree to let people go to Hong Kong on ordinary passports under the scheme."

"We do not understand the Government's point."

It is understood the Hong Kong government fears it would lose control over imported mainland labour once in the territory if the workers held official passports. Mainland ordinary passport holders who are currently working in Hong Kong have to have their working visa

renewed every year and this is entirely up to the Immigration Department. There are reported to be 6,600 mainland employees working in mainland-funded companies in Hong Kong, holding official Chinese passports with Hong Kong government-approved work permits, renewed through a diplomatic note.

Macao

Bishop Says Church Under Political, Ideological Pressure

HK2507073494 Hong Kong EASTERN EXPRESS in English 25 Jul 94 p 6

[By Harald Bruning in Macao]

[Text] Macao's Bishop Dom Domingos Lam has warned that the local Catholic diocese must be aware of "not getting caught in a mousetrap of political, economic or ideological nature".

In an interview with a local newspaper, Lam claimed "nowadays Macao is a city of which various powers and tendencies wish to take advantage", maintaining "the ideological and political struggles of those powers and tendencies must be kept outside Macao, because this territory is small and would not be able to withstand those struggles".

The 66-year-old bishop, the first ethnic Chinese to hold the position in the four-century history of the enclave's Catholic diocese, did not elaborate on his concerns. He just said he suffered from "daily" pressure "coming from all sides, because many have the intention of pulling the (Catholic) Church to their side". Lam also said the "pressure" on the enclave's bishopric would "neither end now nor after 1999" (when Macao reverts to Chinese rule).

Catholic sources told Eastern Express Lam was "obviously alluding to political-party conflicts from Portugal affecting Macao, local pressure groups jockeying for political influence . . . and also to the mainland's ubiquitous clout over the territory's political affairs". Referring to Macao's current controversy over the extradition of criminal suspects to China, the bishop insisted that "on the one hand, we cannot let Macao be transformed into a place of refuge for criminals . . . but Macao also must respect human rights to the utmost".

All extraditions from Macao to China have been halted by an interim injunction of the European Union's Human Rights Commission and pending a ruling of Portugal's Constitutional Court on the issue. Three suspects facing possible extradition to China are in prison custody in Macao.

When asked his opinion on the "polemic aspects" of gambling and prostitution in Macao, the bishop evasively said: "The bishop cannot present himself to the Macao people as Moses, saying which way is the right one between the sea in order to keep the feet dry when passing through . . . I agree that there exist many aspects that can be corrected, but I reject (the idea) of turning Macao into a battlefield."

Macao's Catholic diocese, established by the Portuguese in 1557, is the oldest in the Far East. The diocese has a flock of about 23,000, about 6 per cent of the local population. Lam, who is fluent in English, Portuguese, his native Cantonese and Mandarin, and who was a Macao Basic Law drafter, acknowledged the Catholic Church in Macao "enjoys a privileged status because it has always been connected with the Portuguese administration".

The Macao Basic Law guarantees that "the previous property rights and interests of religious organisations shall be protected by law" beyond 1999. The Catholic diocese is one of Macao's biggest landowners.

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